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CANADA

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cover North Americans are taking to the water these days in every type of craft—from the lowly rowboat to the inboard cabin cruiser. The boom has opened up a rewarding market in the United States for Canadian boats of many types. The 24-foot, V-drive runabout pictured on our cover, for example, is selling well south of the border. For details on this U.S. market for small watercraft, see pages 2 to 16. (Photo courtesy *Boating* magazine.)

Canada's Booming Boat Business

P. GRANT JONES, *Commodities Branch.*

Boat builders are turning to yearly model changes, advanced styling, smart sales promotion, and use of new materials to keep demand high. They are also cultivating their best export market—the United States.

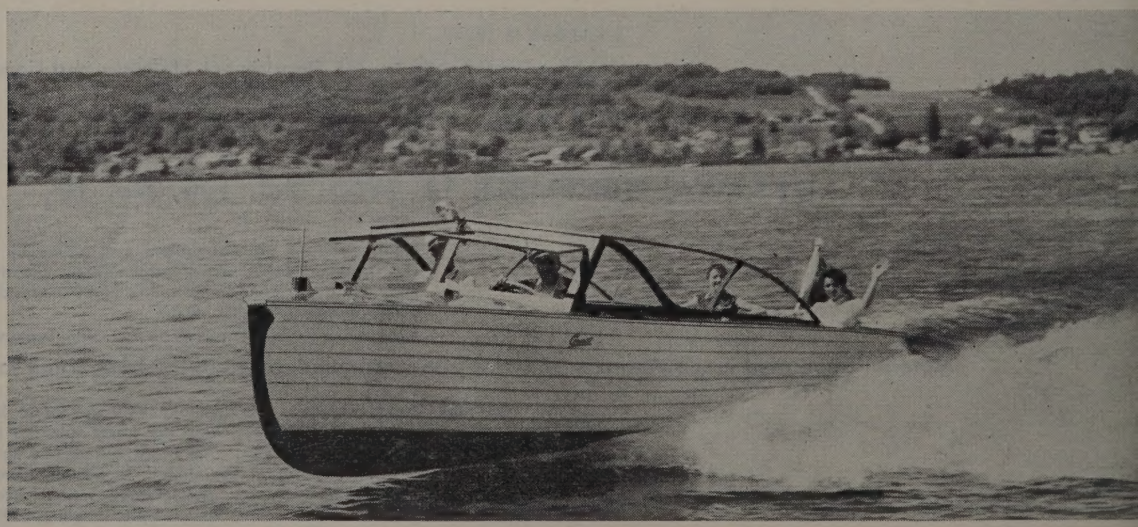
CANADA'S BOAT BUILDERS—some 225 of them—are heading into the biggest sales year yet, according to a survey recently undertaken by the Commodities Branch of the Department of Trade and Commerce. The only restrictive influence appears to be a possible shortage of berthing facilities.

This prediction is based not only on the obvious factors—the growth of the five-day week in industry, the lure of Canada's waterways, and the rise in wages and salaries which means money to spend—but also on the fact that 1956 will see many new styles introduced. In fact, one of Canada's leading boat builders makes the point that the industry is following more and more the methods of the automobile makers and introducing annual model change-overs and facilities for purchasing on easy credit terms. Two-tone effects in boats, for instance, are said to be coming on the Canadian market. This advanced styling is sufficient in itself to encourage a large number of buyers to replace their present boat with a sleek new craft.

Size of Market

No national census of recreational watercraft has been taken and it is difficult to gauge accurately the growth of Canadian boating. However, authoritative sources indicate that Canadian waterways are the summer playground for over 100 thousand inboard motorboats and 600 thousand outboards and other craft, including canoes, rowboats, sailboats, etc. This means that approximately 700 thousand privately-owned recreational craft operate on coastal waters, inland lakes and rivers during the season—or one to every 22 of the population. In the United States, with the natural increase anticipated this year, the estimate is something over 5¼ million privately-owned boats, or one for every 30 persons. On a *per capita* basis, therefore, Canada leads in boat ownership.

—Courtesy "Boating" Magazine.



Manufacturers have become aware that spending on boats is no longer confined to the wealthy and are bearing production to larger models in outboards—a trend that began two years ago. These builders realize that boating is now a family sport and they are appealing to budget-minded householders.

The bulk of the sales will continue to be in the outboard class, but the boat-building fraternity knows that once a customer is water-borne, he is never content until he can pilot something bigger—and he craves more power as he steps up his requirements. For this reason, expanded sales of outboard cruisers with bunks, galley and toilet are expected; sales of the various types of inboard power-craft should also rise.

Boat-Building Industry Growing

Notwithstanding these developments, sales of standard and custom-made models, both in inboard and outboard design, will continue to grow. In fact, the majority of boat builders in Canada (both large and small) are engaged wholly or chiefly in the production of standard craft, such as rowboats, flat-bottom boats, canoes, sailboats, motorboats, launches and kindred lines. Most of these producers will be kept busy catering to the growing demand. The bulk of the building takes place in Ontario, Quebec, British Columbia, and Nova Scotia, but there are manufacturers in practically all the other provinces. The number of employees engaged in the boat-building industry in 1953—the latest year for which figures are available—totalled 7,508, with salaries and wages reaching $3,545,079. Materials used in the actual construction of boats during that year cost $3,248,688.

The DBS figures below reflect the growth in production over several years:

Production, Boat-Building Industry

Year	*Gross Selling Value at Works*
1946	$4,906,259
1947	5,432,514
1948	5,410,426
1949	5,771,913
1950	5,628,858
1951	7,130,624
1952	8,103,016
1953	8,463,531

One of the acute problems facing the boating industry today is the shortage of skilled craftsmen. Not many young men have been apprenticed to this trade over the past 15 years, and consequently as the old hands retire there are too few younger men to fill the breach. The industry feels that the Government should encourage immigration of the type of workmen required for this special field and should keep manufacturers advised of the arrival of these skilled artisans.

New Trends in Design

Although boats of the stereotyped wooden planking type will continue to be widely sold, there are signs that craft made of aluminum, fiberglas and moulded plywood are becoming increasingly popular. In the past two years, more builders have either introduced fiberglas as a construction material or have switched from wood to fiberglas. The ranks of the makers of aluminum boats increased by one during the current year. The fact that more than one kind of material can be used in boat-building has undoubtedly added to the number of devotees.

The trend toward mass production of boat kits in knocked-down form, which a buyer can put together with a limited amount of know-how, is also marked. In keeping with the popular trend to "do it yourself", sales of boat kits have soared and some five or six firms in Canada today specialize in them. Noticeable also is the mounting production of standard hulls, prefabricated or moulded of plywood or plastic in a central plant for completion and refinishing by local builders. A Nova Scotian producer specializing in moulded hulls tried an interesting experiment that seems to be paying off. Some five years ago this firm decided to make all its designs available to any plant building boats from its moulded hulls and to offer technical advice and assistance. This service has, it reports, become extremely popular and a sort of "community" or "family" of builders has grown up around it. The result has been a striking increase in moulded hull sales, and scheduled shipments for 1956 are well ahead of this year.

Widening the Market

The growth of boating in Canada is being promoted through several media, including the Canadian Boating Federation, *Boating* magazine (published in Toronto), *Marine Trades*, a trade paper, and Sportsmen's Shows held in strategic spots. The Federation works at widening the market, at establishing standards of safety in operating watercraft, at promoting and regulating water competitions, and at fostering the development of Canadian waterways and harbours for the benefit of its members.

The largest of the Sportsmen's Shows—the Canadian National Sportsmen's Show—is held each year in Toronto; dates for the 1956 Show are March 9-17. This enterprise is looked upon as the watercraft show window of Canada, affording manufacturers of boats, boat trailers, marine motors and accessories an ideal setting for introducing their yearly models and designs. It is expected that well over 200 thousand people will attend the 1956 show including some 1,500 Canadian dealers, leaving behind them upwards of a million

dollars in orders for boats and accessories. One exhibitor did not hesitate to say that he considers this annual Sportsmen's Show one of his best media for advertising and that 60 per cent of his output is sold at that Show.

The Dealer's Part

The retailer handling boats and other marine equipment is an important link in the chain of distribution and an important factor in sales promotion. Some of Canada's leading boat builders have, in recent years, been stressing that it is essential that the dealer maintain stock at least 30 days ahead of estimated demand. Sales are often lost simply because the customer refuses to wait for delivery.

The builders are also emphasizing the need for advertising, promotion and selling. Most producers do their part in publication advertising and supply a reasonable selection of promotion literature and sales aids. All this effort, however, is largely dissipated unless the dealer carries the ball from there on and uses the manufacturer's promotion scheme effectively.

Actual demonstration is also most important. Construction features and general appearance can be shown in the store but performance is another matter. Anyone who is serious about the boat business should have ample facilities for actual demonstration. Several successful inland boat dealers keep a couple of boats mounted on trailers all ready to offer customers a free trial. Prompt and dependable repair service is also a must.

Trade-Ins and Discounts

Dealers should also go after the "double volume" created by accepting trade-ins. Trade-ins will bring in many boats that need only elementary reconditioning which can be done at a nominal cost. And home craftsmen, common to all communities, welcome the opportunity of purchasing a used boat hull at a bargain.

One Western Ontario hardware dealer who added boats, outboard motors and marine supplies to his retail activities a couple of years ago has emphasized the point that a merchant can carry too many lines. During his first year in the boat business he was selling the products of five different outboard boat manufacturers. He found he couldn't do justice to any one of them. So last year he decided to concentrate on two only—one fiberglas and the other longitudinal cedar stripped. Sales are now running at about 50 per cent for each type.

A dealer who has been buying his athletic and sport goods at a 40 to 50 per cent discount is somewhat perturbed at first when he learns that the standard discount from representative nationally recognized boat builders is only 20 to 30 per cent. The wise dealer, of course, asks himself if he should compare water-

The Canadan National Sportsmen's Show in Toronto serves as the "watercraft show window of Canada", where boats, boat trailers, marine motors and accessories are on display. One section of last year's exhibit is pictured on the right.

craft with, say, rugby balls or fishing lines. A better comparison, he reasons, is that with automobiles, bicycles, and major appliances. Boats, when compared to other items carrying a "big ticket", have proved highly profitable.

Sales Outlook

Every manufacturer approached for his views on sales possibilities during 1956 emphasized that both domestic and export markets must be exploited to the limit. The tendency today, they say, is to pay increasing attention to the United States market. In recent years several enterprising Canadian boat-builders have taken exhibit space in some of the leading boat shows across the border, such as those in Cleveland, Chicago and New York. Every month brings fresh evidence that Canadian products are creating more and more interest among U.S. boat dealers and distributors.

Such development work has achieved results, as the following DBS figures for the years 1953 and 1954 and the first seven months of 1955 indicate:

Canadian Exports to U.S.	*1953*	*1954*	*First 7 mos. 1955*
Boats, canoes and parts	$ 818,193	$ 915,129	$ 993,311
Gasoline launches and yachts	477,435	711,677	436,785
Total	$1,295,628	$1,626,806	$1,430,096

Canada's exports to other countries are inconsequential; the U.S. market is the one on which most Canadian boat builders cast an envious eye.●

Canadian Boats
for United States Buyers

SOUTH OF THE BORDER, boating enthusiasts are churning up lakes, rivers and salt water with a gusto equal to that of their Canadian neighbours. Thousands of American families now spend the weekend travelling the waterways instead of the highways; the car stays in the garage or is pressed into service merely to haul the boat on its trailer to the nearest dock. Last year spending on boats, engines and fuel in the United States reached $235·5 million; the forecast for 1955 is $285 million.

Just how many boats are in use in the United States now that boating has become one of the top participation sports? The secretary of the National Association of Engine and Boat Manufacturers puts the number of privately owned pleasure craft at 5¼ million —or one to every 6½ families. (About 4½ million of these are power boats.) A look back at 1939 discloses only 31,981 pleasure craft and illustrates the dramatic growth of demand. This demand has tripled since 1945, doubled since 1950, and bids fair to keep on increasing at the rate of about 25 per cent a year.

Boosting the Demand

The same factors that have created a boating boom in Canada appear to be at work in the United States. Prewar, the lowly rowboat was tops in popularity but today people choose motor rather than muscle power when they take to the water. Leader now is the small craft under 16 feet long and powered with an outboard motor. That's why the improvement in outboard motors has stepped up the interest in boats. The noisy, hard-to-start and hard-to-control motors of the 40's have given way to quieter types with automatic starters and gear shifts. These motors now range from two horsepower up to 40 or more. The average horsepower today is 10·3, but 21 per cent of the outboard motors turned out in the United States are 20 h.p. or over. Altogether 450 thousand motors were sold in the U.S. in 1954.

Another development which has influenced the small boat market is the appearance of the boat trailer. This makes for mobility between backyard and dock. Last year saw over 100 thousand boat trailers produced, compared with only 1,000 in 1939 and 18,000 in 1950.

Which part of the United States goes in for boating most enthusiastically and where are sales largest? The answer to that question should encourage Canadian boat-makers who want to sell in the American market. The New York-New England area leads, followed by the Great Lakes area and Chesapeake Bay; Florida and the Pacific Northwest trail these other regions. This means that the areas nearest Canada have the greatest market potential and freight costs can be kept down.

Like his Canadian cousin, the American buyer seems to find that a craft under 16 feet—dinghy, canoe or rowboat—and powered by an outboard motor best meets his needs. About 75 per cent of the pleasure boats in use in the United States fall into this class. Next in order of popularity come inboard powered boats, sailboats with auxiliary power, outboards over 16 feet long, and sailboats without auxiliary power. Hulls fashioned of the newer materials, such as plastic, aluminum and fiberglas, are finding increasing acceptance though the degree varies with the region and with fresh and salt water use. Boat kits for the do-it-yourself fan also sell fairly well in the $250 to $500 price range; about 100 thousand, including prefabricated hulls, were sold in the U.S. in 1954.

What Chance for Imports?

The United States market for small watercraft is a big and booming one, and thousands of U.S. boat builders are working to supply it. But imported boats are finding buyers there too. In 1954, imports represented only about 2 per cent of total boat sales but students of the market believe there's plenty of scope for improvement. In fact since 1946, when 883 imported craft valued at $405,384 were sold, the trade has gradually increased. In 1954, 7,331 foreign boats valued at $2,449,921 were imported from the following countries (figures relate to boats of less than $15,000 in value):

Country	*Number*	*Value—$*
CANADA	6,105	1,288,131
Germany	814	393,445
Netherlands	138	359,593
United Kingdom	102	104,509
Scandinavian countries	128	203,113

Imports from Canada have doubled each year since 1948 and Canada has become the leading foreign supplier by a wide margin.

Problems to Face

The Canadian boat-builder who wants to cultivate the U.S. market has two hurdles to surmount, over and above the stiff competition from domestic manufacturers. One is transportation costs and the other the U.S. tariff. Heavy freight charges on long hauls mean that the nearer markets are the more promising—and the exporter who can ship by water has a distinct advantage. In some regions only boat kits, shipped knocked-down, have any chance of competing.

The U.S. tariff must be considered in reckoning the delivered price on boats crossing the border. Motor boats from Canada under $15,000 each in value pay duty at the rate of 7½ per cent under tariff paragraph 370. Boats over $15,000 in value pay 15 per cent. The term "motor boat", as used in the U.S. Tariff, includes a yacht or pleasure boat, regardless of length or tonnage and whether it is propelled by motor, sail or steam. It does not include a yacht or boat used or intended to be used in trade or commerce. Motor boat parts are usually dutiable at the rate of 15 per cent and internal combustion engines (with the exception of the non-carburetor type weighing over 2,500 pounds each) are entitled to a rate of 8¾ per cent.

The tariff does not mention specifically other types of watercraft and consequently these are classified under the tariff paragraph applying to the material of which they are chiefly composed. Under the "wood" schedule of the tariff, for example, canoes and paddles are subject to a duty of 10 per cent and rowboats to 16⅔ per cent. Hand-propelled boats and canoes of aluminum are dutiable at the rate of 22½ per cent.

Potential Is There

When these factors are weighed and considered and the growth of demand in the U.S. assessed, the prospects for Canadian boat-builders in the U.S. market appear bright. The experience of many Canadian companies in this field proves that Americans will buy Canadian-built boats if the design and the prices appeal to them.

The reports that follow give details about the market for small watercraft in nine different regions of the United States. They are presented in the hope that they will help Canadian boat-makers keen to enter or to expand their sales in this prosperous market.

New England

The Market

WITHIN THE PAST THREE TO FOUR YEARS, sales of sporting boats in New England have skyrocketed. Not since the days of the Yankee clippers have New Englanders gone down to the sea with such enthusiasm and in such numbers. Active boating areas include the whole coastline and inland lakes in Maine, Vermont, New Hampshire, and Massachusetts.

Statistics on the rise in the number of sporting boats in the area in the last five years are scarce, but informed estimates put the increase at 30 to 40 per cent.

The New England District of the U.S. Coast Guard reports that there are now 26,000 pleasure and commercial craft registered in the waters of Maine, Massachusetts, New Hampshire, Vermont, and Rhode Island. Owners need not register craft below a minimum length of 18 feet so there are obviously many thousands of smaller boats in use.

Yachting circles here estimate that there are over 3,000 sailing craft on Massachusetts Bay, 1,500 on Narragansett Bay and about 1,000 on Cape Cod waters.

New Hampshire, with only 18 miles of seacoast, shortest of any of the New England States, has shown an increase of 400 per cent in motor boating on its inland lakes in less than twenty years. Last year there were 19,847 privately-owned pleasure power boats registered on this state's 1,300 lakes and another 695 commercial power boats. Lake Winnepesaukee, N.H., 22 miles long and from one to ten miles in width, is one of the most popular bodies of water in the lake district. It is kept churning by 3,725 power boats including 240 commercial craft.

Types Preferred

It is almost impossible to say what type or style of boat is the most popular. New Englanders are turning out in thousands each summer to spread canvas in everything from eight-foot prams to ocean sailboats of 60 feet or more. Rivalling sailboats in popularity are the motor boats powered by one or two outboards or the more expensive inboard engines. They range all the way from small open runabouts to luxurious cabin cruisers. And there is a complete range of choice in between to suit taste and pocketbook. The so-called

utility cruisers are enjoying great popularity and are heavily promoted. Competition is keen.

The moulded plywood and wooden planked hull is probably still tops in popularity. However, the newer fiberglas and aluminum models with built-in air chambers and high resistance to wear, water and weather are taking a good share of the market.

Canoes are also numerous on the inland lakes but less popular than the sail or powered boats, partly because so much of the demand is for craft which are adaptable to ocean conditions.

Prices and Competition

The small outboard runabouts range in price from $350 to $1,100 and are offered in a great variety of design and finish. Larger outboards and outboard cruisers cost anywhere from $1,200 to $2,500, depending upon the size, finish and facilities provided. For instance, an 18-foot outboard cruiser runs about $1,300, a larger 22-foot cruiser of this type about $1,800, and a still larger model about $2,300. Then there are the inboard cabin cruisers, the smaller of which are priced between $3,300 and $5,500. In this class the sky is the limit with large craft available at any price up to $100 thousand.

Competition in all types of sporting craft is keen, with those of U.S. manufacture predominating. Most brands are widely advertised and actively promoted. Canadian, German and British-built boats constitute the majority of foreign competition and are all doing well as the market expands. Indeed the interest in boating has grown so rapidly in recent years that dealers and distributors are constantly on the watch for new lines which offer good quality at competitive prices. Their interest is by no means restricted to American makes.

A quick count reveals that there are more than 60 yacht and boat builders in New England. In the power-boat class alone, there are over 30 brand names.

Advice to Canadian Exporters

Although competition is keen, New England offers an excellent market for Canadian sporting boats of good quality. The fine weather this past summer boosted interest in boating and sales to new heights; prospects for the 1956 season are bright, with further expansion expected.

Canadian manufacturers should bear in mind three important criteria for success in this market—quality, price and service. The last is frequently misunderstood or under-estimated. It is not enough to offer your boats to New England dealers on an f.o.b. Canada basis. Dealers are used to buying their boats delivered to their doors and have no time for, or knowledge of, the formalities connected with import. Canadian builders who have already won significant success here have done so by offering their boats on a delivered basis through a U.S. distribution point or through their authorized New England distributor. It may cost more in time and money to begin with—but it pays off in sales.

—D. H. CHENEY
Consul and Trade Commissioner, Boston.

New York

The Market

THE MOST POPULAR salt-water pleasure boating grounds in the world lie within a 200-mile radius of New York City. They include Long Island Sound, Block Island Sound, Great South Bay, the Lower Hudson River, and inlets of the northern New Jersey seacoast. It is estimated that in this area nearly 2,896,000 "weekend" sailors use 724 thousand pleasure boats. About 606 thousand of the craft are dinghies, canoes, rowboats and other small powered boats under 16 feet. Powered craft over 16 feet, including sailboats with auxiliary engines, number 41,000; small sailboats without engines total 73,000, and there are 605 large yachts registered in this area.

Dock and anchorage facilities in some places along this coast have not kept pace with demand. Waiting lists for new facilities planned or being erected will restrict future growth of the sport in some localities and especially sales of smaller boats to first owners. No decline in the popularity of boating is expected, however, and in fact sales of larger and more powerful boats may be more marked as owners graduate to better craft for their subsequent purchases.

Types in Demand

Wooden boats, especially 14-foot runabouts of plywood, predominate here but the popularity of other and more expensive materials in this length and of larger craft is increasing. Volume sales are of boats in the $250 to $500 retail price range but substantial sales have been made this year of 18-foot outboard runabouts or cruisers of plywood retailing at about $1,200. Sales of larger and more luxurious 22-foot boats at up to $3,600 have been increasing. In fact, the popularity of the outboard family cruiser 16 to 23 feet long, at from $1,000 to about $4,000, is increasing faster than that of any other class. Fiberglas boats with advantages in maintenance are becoming more and more popular, but on the average prices are

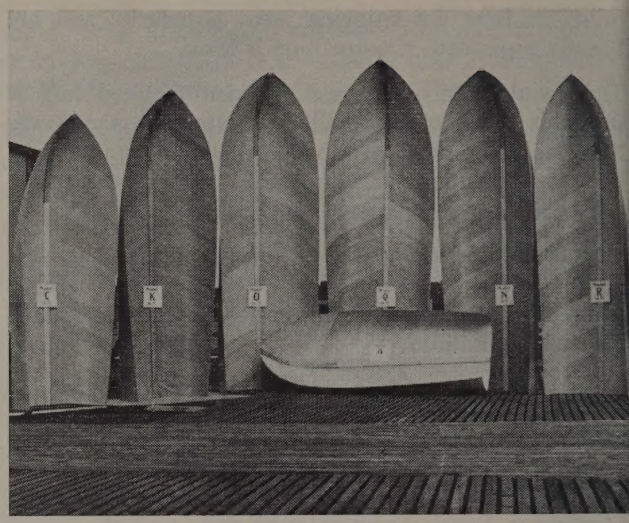
about 20 per cent higher than for similar plywood boats. Fourteen to fifteen-foot outboard boats are the popular lengths for fiberglas but cabin cruisers up to 32 feet are being offered in this material. Opinions differ about the suitability of aluminum boats for salt water, but possible pitting, corrosion and discoloration are considered disadvantages in this area where the lighter weight needed when the boat must be transported to more remote freshwater areas is not a factor. "Clinker" or "lapstrake" construction is preferred in whatever material is used for a 14-foot to 18-foot runabout. This is desirable even in a fiberglas boat where the form is simulated. This "lifeboat mentality" of owners also means that they prefer boats with other seaworthy characteristics, including an additional five inches in width and three inches in depth for a 14-foot craft compared with a boat used in fresh water.

Boat Kits

"Make-it-yourself" plywood boat kits reached the peak of their popularity in this area about two years ago and sales have now slipped. One reason is their relatively low trade-in value against other craft sought as a second boat. Moreover, many kits have proved more difficult to work with than amateur builders expected. Kits are still featured by specialty shops and dealers and in the catalogues of some mail-order houses; $250 is the average price for a kit which will build a 14-foot to 16-foot outboard runabout. Cruiser kits sell for $500 and up, and $100 will purchase an 8-foot or 9-foot pram or rowboat. The average kit sold is for a boat of 14 feet or less. Price seems to determine the choice of a kit rather than the user's urge to be a boat builder.

Selling Features

In general, crude finish must be avoided, regardless of price. Good-quality high-glossy finish (especially on mahogany trim) good paint, brass screws throughout, and essential polished mooring hardware such as bow chocks, bow ring, stern cleats, lifting handles and oarlocks as a minimum, must be factory-provided. Safety factors are a first consideration, but special design features. including built-in equipment such as lockers and fishing tackle boxes, are items which, related to price, influence the buyer. Cabin cruisers are usually sold retail complete with sink, stove and toilet which may be supplied to the dealer for him to install before sale. The dealer's servicing facilities, including his ability to provide off-season conditioning, and possibly a factory guarantee, will directly affect sales. Appearance in the first, and usually small, boat bought by a user is more important than for boats which he subsequently chooses. Freshwater users too in upper New York and Connecticut are prepared to pay relatively more for finish and appearance, including design features. This holds true for all types and sizes of



—Industrial Shipping Co. Ltd.

These hulls made of moulded plywood will be shipped to boat-building plants in the United States. The maker of these hulls offers technical advice and assistance to United States firms using his product in their boat-building programs.

boats. Few manufacturers provide accessories as dealers prefer to sell boats stripped, to be fitted later to the individual needs and purse of the user. Such items as boat covers, steering controls, anchors, mooring lines and life preservers the dealer sells as extras.

Distribution Factors

Good local boat dealers are necessary for successful sales in this area. For the most part, they are relatively small firms whose functions and size have increased as they have progressed from the back alley or waterfront to more attractive surroundings and facilities. The dealer's role now parallels that of the car dealer, who buys directly from the factory. He must have adequate display and storage space. Wholesale distributors have become less essential as consumer advertising by boat manufacturers has increased. The trend is definitely toward shipments direct from factory to dealer or to the user. In rare cases, manufacturers still use regional distributors if local stocks beyond the capacity of the dealer's storage and credit need to be provided. As dealers have grown, however, their ability to finance larger orders has lessened the need for wholesale distributors.

Manufacturer's guarantees are not yet an important factor because most involve return freight payments by the buyer. U.S. list prices on boats are usually f.o.b. factory, from which a dealer is allowed a discount of 25 to 30 per cent depending on the size of the boat. The bigger it is, the smaller the dealer's discount, although sliding-scale discounts may apply for quantity orders for all classes. Manufacturers usually offer a protected territory to dealers who produce results or accept and sell the manufacturers' allocation of boats

o them. The size of the area is affected by initial rders, servicing facilities of the dealer, his reputation nd other considerations. In return, colour catalogues, eaflets, and other advertising material is furnished ree of charge by manufacturers of national standing vho advertise widely in national sporting and recrea- ional magazines. Freight from the factory to the point f sale is for the dealer's, and ultimately the user's, ccount. Dealers are rarely prepared to advertise enerously. Currently few confine their efforts to one nanufacturer's line. Dealers' sales may average between 00 to 200 boats a year. Instalment sales are common vhere credit risks can be readily transferred to local anks. Dealers are usually not given credit by the nanufacturers. Some department stores, including ational chains with their warehousing and extensive ow-cost credit facilities, carry and sell small boats in olume as exclusive dealers for specified areas.

Outlook for Canadian Craft

Practically every type of small boat which can be used n Canadian waters, including outboard types, and vhich can retail here in the range of $80 to $4,500 an be sold in New York if it is competitive on a duty- aid delivered basis, and comparable in finish and esign to U.S.-produced boats of similar types. imilarly, outlets for inboard boat hulls could be btained although opportunities in this field are rela- tively restricted. If possible, Canadian firms should quote duty-paid delivered prices. One difficulty is to locate satisfactory dealers who are not handling competing U.S.-made boats or who are willing to pioneer sales of boats from sources outside of the United States. It is believed that wooden boats of good marine plywood of sheet or moulded construction, or lower priced strip-type boats can be sold here on a larger scale if prices are right and good dealers are used.

Canadian manufacturers who wish to enter this market or increase their sales here should consider the merits of exhibiting either at the National Motorboat Show in New York or the Chicago Boat Show. Both are held annually. (The latter has the advantage of more space.) The popular New York Boat Show held in January is difficult to enter because first priority for the limited space goes to the members of the National Association of Engine and Boat Manufacturers. In practice, it has been found that if a Canadian manufacturer wishes to exhibit at this show, he can best do it through an American representative. The habit of the 50-odd distributors of watercraft in the greater New York area is to place their orders in January and February of each year for May delivery.

—S. V. ALLEN
Consul and Senior Trade Commissioner, New York.

Chesapeake Bay Area

The Market

THE CHESAPEAKE BAY AREA is one of the great mall boat centres of the United States. It is a unique rge area of protected, relatively shallow water into vhich a number of rivers pour. Because it offers an nfinite variety of harbours, small bays and coves and s also a renowned fishing area, it exercises a great ttraction on all kinds of boat owners. Moreover, it as a long season that starts about the middle of April nd ends in the middle of November.

A wide variety of "water" is contained in the general rea called Chesapeake Bay. It is a deep-cut, narrow nlet with an exceptionally long and varied coastline, unning from the Atlantic at Norfolk some 200 miles orthwards to Baltimore and Havre de Grace. It has nly a small tide with a maximum rise and fall of four o five feet. Into this long bay a number of important ivers empty and there are innumerable smaller rivers nd deep irregular bays (frequently called rivers) that rovide ideal conditions for small boating. Among the larger rivers that are in themselves boating centres are the Susquehanna with Havre de Grace at its mouth, the Patapsco (Baltimore), the Patuxent, Potomac, Rappahannock, York, James, (Newport News and Norfolk), Choptank and the Nanticoke. The deep coves and subsidiary bays that are also important as boating centres include the Severn River with Annapolis as its focal point, Eastern Bay, South River, Sassafras River and Chester River.

Large Market in Area

No statistics are available on the number of small boats in use in the area nor would they be of much importance in considering it as a market. The fact remains that it is one of the major markets for small boats in the United States and one in which virtually all types are in use. In fact, if any Canadian builder can deliver boats of acceptable design and workmanship at competitive prices, he will have a large enough market to cater to without worrying about the statistical picture. For what it is worth, one unofficial estimate

places the number of small boats (that is to say all boats under 65 feet) in use in the Bay and its tributary rivers at about 70,000 but this figure may be wide of the mark.

The Coast Guard places the Chesapeake Bay area as third in importance for the whole of the United States. However, this "rating" has not much importance in trying to measure the number of small boats in the area. It is based on the number of "undocumented" vessels in the Coast Guard district of Norfolk, Virginia, which includes the three customs ports of Norfolk, Baltimore and Wilmington, N.C. Undocumented vessels are machinery propelled vessels of less than five net tons but over 16 feet in length, that have been given a number by the Coast Guard. The figures do not include sailing craft without auxiliary motor, or such small craft as canoes, boats, or the smaller outboard boats. About 13 per cent of all numbered vessels are in the general area of the Chesapeake; in 1950 the percentage was 10·5 per cent and before the war it was 11·8 per cent. The district of Norfolk covers only Chesapeake Bay, except for some 7,600 boats based on Wilmington, N.C. Baltimore is given 23,100 and Norfolk almost 16,000. Thus, some 39,000 numbered boats in this district are concentrated in a relatively small area.

Season Extended Southward

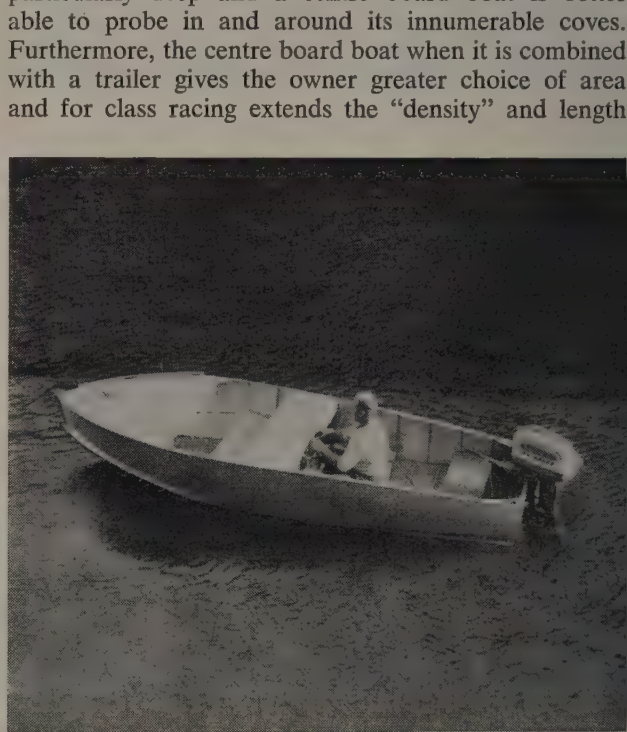
Figures compiled by the Outboard Boating Club of America show that the States of Maryland and Virginia and the District of Columbia account for nearly 3½ per cent of the total purchases of outboard motors in the United States. The same area has some 4·4 per cent of total population. Although this suggests the area is not as great an outlet for outboards as some others, it must be remembered that the Chesapeake area, though protected, is not an inland or closed area. The greatest use of outboard motors is made on protected lakes and relatively small rivers. None the less, the development of the outboard cruiser and the wide use of light trailers for small boats has undoubtedly extended the use of the outboard type of boat in the Chesapeake area in recent years.

Devotees of the area claim that the Chesapeake as a yachting and boating centre is growing rapidly in importance. The concentration of small boats on the Atlantic coast of the United States is probably moving south towards the longer season. With the development of the outboard motor and the light trailer the small boat owner may now extend the season southwards. All of this has developed the Chesapeake area as a hive that sends forth a great swarm of boats of all descriptions for a long period of the year.

Traditionally a boat-building centre, the area is excellently equipped to service, repair and build boats of all sizes. But there is also a good sale of small boats that are sent into the area by many of the well-known boat builders in other parts of the United States.

Types in Demand

It is almost as difficult to estimate types of boats in demand as it is to discover just how many boats are sold. Here again, it is safe to say that virtually all types are in use. For the Bay itself a well-found boat is desirable: it is not a stretch of water where a 12-foot outboard should venture too freely. In sailing ships the centre board is popular, because the Bay is not particularly deep and a centre board boat is better able to probe in and around its innumerable coves. Furthermore, the centre board boat when it is combined with a trailer gives the owner greater choice of area and for class racing extends the "density" and length of the season. None the less there are a large number of bigger fixed keel boats in the Bay.



—Aroline Boat Co.

Boats made of aluminum are becoming popular with boating fans. This 16-foot model with a 64-inch beam was made in Manitoba, weighs 220 pounds, and has styrofoam flotation.

There is a considerable "hard core" preference for clinker-built hulls in the Bay. Furthermore, although Marconi rig has taken over from the gaff-rigged sailing vessels, gaff-rigged boats are still being built and sold here. (As an interesting sidelight, the mast hoops are now supplied from Nova Scotia.)

There are few canoes in the Bay itself but several canoe clubs and some sale for canoes in the rivers. To a considerable extent, the aluminum canoe has come into general use, but so far there are almost no fiberglas canoes. Similarly, aluminum outboard boats are very

popular on the rivers but have not yet become well established on the Bay. Plywood-planked outboard boats are popular both on the rivers and in the Bay. However, the demand for fiberglas and moulded plywood hulls is growing rapidly. Prams or yacht tenders (dinghies) probably have more sale around the Bay than on the rivers.

Virtually all types of class sailing boats are in use in the area—penguins, lightnings, snipes, thistles, hamptons (particularly in the Bay), 110's, and so on.

Methods of Sale

A large number of dealers scattered in the many boating centres around the rivers and the Bay itself offer small boats for sale. For example, in Washington the river front has a long row of boat dealers; one large department store chain carries a line of outboard boats and a big lumber-hardware chain advertises a standard outboard-trailer combination. Annapolis and Baltimore are recognized centres for boat sales but there are boats sold along the highways and in most of the innumerable centres where boats congregate.

As a rule, the dealers have certain franchises from the builders. Some boats are also sold by factory representatives who have certain areas allotted to them. With sales from Canada some difficulty arises because of the "unknown" factor and what appears to be the remoteness of the source of supply.

However, if Canadian yards can deliver at competitive prices, all that should be necessary is to demonstrate the boats. It is difficult to persuade prospective buyers to take on a "foreign" line of boats based on catalogue showings. And certainly there is a market concentration in this area that warrants detailed investigation by Canadian boat builders. Probably the most satisfactory method of establishing outlets is for a builder to send a salesman with a boat on a trailer to visit the area. This salesman must be armed with a list of delivered prices to each community. It may require some arithmetical gymnastics, but it should be well worth the effort.

Boat Show Offers Opportunity

In addition, the Chesapeake Bay Boat Show is to be held in Baltimore from February 21-28, 1956. This is the second year for this show and although it is small in comparison with the large annual shows at New York and Chicago, it offers a direct entrée into this concentrated market. This year British, Dutch and Swedish boats are to be shown and there may be boats from Japan and Denmark. Participation in such a show seems an excellent way of placing Canadian boats before a boat-conscious segment of the American market.

—R. G. C. SMITH
Commercial Counsellor, Washington, D.C.

The Southern States

The Market

THE INTERESTED OBSERVER in the New Orleans area can find plenty of evidence of a boating boom. One is the weekend rush on the ferries between the city and the west bank of the Mississippi. A large number of Orleans-side fishermen head for the west bank and west-side fishermen set out for the bayous surrounding New Orleans. This goes to prove not only that fishing seems better on the other fellow's side of the river, but also that boating is now the number one participation sport here. In fact, overcrowding on the ferries has brought the suggestion that cars towing boats on trailers be charged an increased rate.

Another sign of the boating craze is the many backyards in which the car remains outdoors and the prized speed hull and outboard motor are given the snug harbour of the garage.

The craze is not confined to the New Orleans area, as our survey of the yacht clubs and boat dealers in the Southern States revealed. The mild climate, the excellent facilities offered by Gulf Coast ports, and the many lakes and rivers encourage interest in boating; so does the rising standard of living and the relatively low cost of mass-produced boats, outboard motors, and boat trailers. Improvements in the outboard motor have also helped boat sales.

Types of Boats Preferred

Every type of craft, from nine-foot fishing dories to 50-foot air-conditioned cabin cruisers, is in record demand this year from Florida to Texas. Southern watercraft dealers report, however, that the most popular type in this market is the 14 and 16-foot runabout which can be easily towed on a trailer. Plywood or wood boats sell about twice as well as the fiberglas and aluminum types. The trend is definitely towards family-type boats retailing at between $300 and $500, with the emphasis on utility and comfort. The 16-foot appears to mark the upper limit of mass sales.

Many dealers have also achieved large increases in sales of outboard cruisers. They point out that a vacation for the entire family aboard one of the "poor men's yachts" can be cheaper than a motorcar tour covering about the same distance.

Sales Prospects

Canada ranks first among foreign suppliers of watercraft to this area, with the principal competition coming from Dutch, German and British manufacturers. Chief obstacle to the development of Canadian sales is the high freight on finished boats coming from Canada.

—Munro Boats and Motors Ltd.

Fiberglas too is making headway as a basic material for boats. In the past two years, several Canadian boat-builders have either introduced fiberglas as a construction material or have switched entirely from wood to fiberglas. This fiberglas outboard cruiser was made in London, Ontario.

Brightest prospects are for build-it-yourself boat kits, on which the purchaser may save 30 to 40 per cent of the cost of a ready-made boat. These boat kits, in fact, offer the only possibility of volume sales for Canada in this area.

—A. A. CARON
Consul of Canada and Trade Commissioner, New Orleans.

Ohio and Michigan

The Market

THE SMALL-BOAT BUSINESS is flourishing this year in Ohio and Michigan. In Michigan (the "Water Wonderland") with its 3,000 miles of shoreline and over 11,000 lakes, boat fever has hit particularly hard and sales have been soaring. Signs of the boating boom are everywhere. The local press, which has given good coverage to aquatic news, recently headlined: "The Way We Take to Water Shames Ducks". Along miles of the Detroit River and lake-front, despite an estimated 5,500 boat berths, docking space is at a premium; on the streets and highways, the loaded boat-trailer behind the family car is a common sight. Highlighting what one newspaper has called the re-discovery of our riverfront, Detroit this summer presented its first "Riverama", a two-week program of water sports, races and pageants, which promises to become an annual event.

Accurate figures are hard to come by, but one estimate places the total number of boats owned by the 16 million people of Ohio and Michigan at close to half a million. Registrations reveal that there are about 18,000 of the larger power boats (over 16 feet) owned in Michigan and operated on federal waterways, and another 7,500 in Ohio. Probably an equal number of these larger boats are operated only on inland lakes and thus are not registered. Smaller powerboats (under 16 feet) are believed to add another 28,000 to these figures, making a total of about 60,000 powerboats in the State. In Detroit, more than 300 new boats over 16 feet are being registered each month and one dealer alone is reported to have sold 800 craft in the first eight months of this year.

This is only part of the story. Under a recent program to inspect boat liveries, Michigan authorities have already counted 24,000 rowboats *for rent*. Privately owned rowboats, canoes, sailboats and boats made from build-it-yourself kits probably swell these figures to the half-million estimated for the two states.

Registration figures since 1949 indicate a 50 per cent increase in powerboat ownership over the past seven years. This figure, however, applies only to the over 16-foot class, mainly cruisers; the largest sales gains have been made in the smaller boats.

Types Preferred

Most popular boat today is the open outboard runabout measuring from 10 to 16 feet. It costs perhaps $1,000 with motor and car-trailer, it can be purchased on credit, and it is easy to operate and simple to move,

unch, and store. Once it is purchased, the only other xpenses are for gasoline and minor repairs and it rovides inexpensive recreation by present standards. nd though its small size has these advantages, it is rge enough to be a family project.

is interesting to note that the same factors which in ecent years have forced the increase in automobile orsepower are at work in the boating field and boat-akers have steadily increased the power ratings of otors and introduced new features to stimulate sales. ne of the best selling outboard motors this year is 25 h.p. model.

rend in Tastes

orecasts for 1956 are for continued high sales, particu-rly in the 10 to 16-foot models just described. One ealer, however, predicts a trend to larger family out-oard convertible cruisers up to 18 feet, built to handle ven heavier engines. Styling and flashy appearance ill also be significant as the market grows more ompetitive.

Vooden construction continues to be popular, and the ndustry itself doesn't agree on the respective merits f conventional wood, moulded plywood, aluminum r fiberglas. But because sales depend on such diverse actors as performance, appearance and price, there ill probably continue to be room for each type of oat.

ales Prospects

an Canadian boat-builders share in this billion dollar oom? Several Detroit dealers say, "Yes . . . but". Among qualifications mentioned are competitive price n an increasingly competitive market, up-to-the-minute styling, complete pre-testing to ensure performance with the heaviest motors, and designs aimed at the family unit rather than the weekend fisherman.

One Canadian firm which sold $25,000 worth of boats in Ohio and Michigan during 1954 expects to triple this figure in 1955. The market is there—if the boats and the prices are right.

—A. A. LOMAS
Vice-Consul and Assistant Trade Commissioner, Detroit.

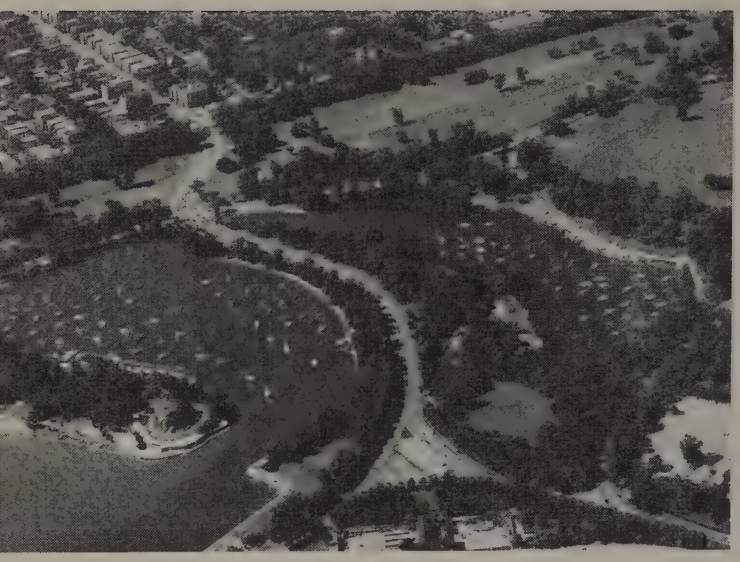
The Midwest

THE SWING to family boating in Chicago and the Midwest area has resulted in the overwhelming popularity of the 14-foot outboard. This craft is large enough to accommodate the average family, can be readily transported behind the automobile, and is cheap enough for those in the middle and low income groups. It is estimated that over 80 per cent of all small watercraft in current use are of the open, outboard type—and over half of these are 14-footers. Cook County alone has 54,000 outboard motor boats and an estimated 127 thousand outboard motors in use.

Some idea of the relative popularity of materials in boats may be gathered from the following table of boats on exhibit at the 22nd annual Chicago National Boat Show—the largest boat show in the world. The 1954 figures are given for comparison.

—Dolphin Craft Ltd.

A Canadian firm introduced this new 14-foot model late in the current season and has already had orders from U.S. customers. It is made of reinforced plastic, lightweight and easy to maintain.



The boating boom has made the problem of mooring facilities acute in many areas. This photograph shows Jackson Park harbour, Chicago, crowded to capacity with many types of craft.

Major material used in display boats	*Number of this type in 1955 Show*	*1954 Show*
Conventional wood	79	98
Sheet plywood	98	81
Moulded plywood	80	68
Moulded plastics	62	22
Aluminum	160	102
Steel	10	15
Fabric-covered	28	17
	517	403

From these statistics, it appears that wood, the traditional favourite, is barely holding its own but that the newer materials—plywood, plastic, and particularly aluminum—are forging ahead. Weight, price, and low maintenance costs are factors here.

Bearing in mind that the 14-foot outboard is by far the most popular boat, the following table shows what U.S. sportsmen are paying for outboard boats in this territory.

	Average retail price of factory-made outboard boats	*Number of factory-made outboard boats produced*
1947	US$205	144,000
1950	248	141,000
1952	272	192,000
1954	323	245,000

Usual retail prices paid for 14-foot outboards, without accessories, in Chicago are currently: aluminum, US$185-350; moulded plywood, US$350-750; sheet plywood, US$250-600; moulded plastic, US$300-850, and conventional wood boats, US$200-450.

Sales Prospects

High freight costs and other factors preclude serious competition from overseas suppliers, but there is no reason why some Canadian manufacturers cannot benefit from the huge market potential for small watercraft in this area. Already a Manitoba builder of aluminum boats is selling in the Midwest. A Maritime manufacturer of laminated formed hulls is marketing his semi-manufactured wares here. A firm in the Toronto area is selling fiberglas boats to one of the U.S. mail-order giants with head offices in Chicago. The firm's buyer reports that price and quality were main considerations and that the boats will appear again in next year's catalogues.

Mail-order houses are doing an increasing volume of business in knocked-down plywood boat kits. Twelve to sixteen footers are the most popular models. Some Canadian firms might be able to compete in this market because freight costs are not so high for boat kits.

There is good reason to hope that more Canadian boats will be sold in the strong and expanding Midwestern market for small watercraft. With a duty of only 7½ per cent on small boats designed for use with motors or sail, many factories which are located near U.S. market centres should certainly investigate export possibilities. Firms who could make knocked-down boat kits would do well to study the Midwest market.

—D. M. W. HUMMEL
Commercial Assistant, Chicago

Seattle

The Market

SEATTLE is situated in the 30th Customs District which covers the state of Washington, with the exception of a small area near the mouth of the Columbia River. In this district, registrations of power boats with the U.S. Coast Guard—inboards of any length and outboards over 16 feet long—have increased by 2,305 in the last three years; at the end of June this year, the figure was 18,707. This, of course, does not include the large increase in small outboards of under 16 feet.

Types Preferred

People in this area appear to be most interested in cabin cruisers from 16 to 25 feet long, selling at from $500 to $2,500 and often powered with two outboard motors. In recent months there has been some interest

n boats built at home using "Do It Yourself" kits. These boats have open cockpits that can be covered vith canvas when the weather is bad. Home-onstructed models have one drawback—their sales or rade-in value is low. Smaller outboard craft are also ery popular.

Trend in Tastes

eattle does not seem to be swinging away from wood nd over to the more expensive fiberglas and aluminum oats. One dealer asserted that the fiberglas and alumi-um types are less popular than they were even though ney stand up better to hard use. One local firm, how-ver—Pacific Plastics Company—expects to turn out 00 plastic boats this year. The other large manufac-urer in this area, Bellingham Shipyards Company, vill produce about 1,000 plastic boats before the year nds; all other smaller firms combined will make a otal of about 50. All these manufacturers concentrate n outboards measuring from 8½ to 16 feet.

In 1950, only eight pleasure boats, motor-propelled and costing not over $15,000, and eight pleasure type and three of the second, to a total value of $4,661. In 1953, Canada exported to this area 20 boats in the first category and only one in the second, to a total boats, n.e.s., were imported into the Washington customs district. Canada supplied five of the first value of $3,702. Total 1953 imports were valued at $27,693. In 1954, Canadian sales consisted of one boat worth $400. One local boat expert says that imports are small because, though the quality of the imported boats is good, they do not have the styling which Americans prefer. Recent purchases have included two steel yachts from the Netherlands, two wooden sailboats from Sweden, and five wooden cruisers from Japan.

Prospects for Canadian sales here do not appear too rosy.

—C. H. WEST
Consul of Canada, Seattle.

San Francisco

The Market

AN FRANCISCO and the area within a radius of 0 miles of the city has over three million population nd it is here that the great bulk of the northern California business in small watercraft is done. The egion embraces some 400 square miles of water and delta area that contains 2,500 miles of navigable vater.

t is not too easy to estimate the size of the market or small watercraft here, because only craft of 16 eet and over must be registered with the U.S. Coast Guard. The San Francisco Bay Area Council made a tudy of the watercraft situation in 1952. It discovered hat there were 23 major harbours for small boats wned and operated by municipalities, and that many f these contained privately-owned boat moorings and torage facilities. The fleet operating on San Fran-isco Bay and its tributaries was estimated at some 2,000 boats, including light-draft, pleasure craft and ommercial fishing boats. This constitutes one of the hree or four largest fleets in the country, representing n investment of some $33 million. There were also 8 yacht clubs on the shores of the Bay. Currently, here is considerable interest in further development f harbour facilities for small craft.

All those consulted about the small watercraft business onfirmed my impression that the popularity of boating in the Bay area has grown by leaps and bounds. All used the term "boom" to describe the situation. Though there are no satisfactory figures on the number of small watercraft in use at present and at various times in the past, it is generally agreed that it has probably doubled since 1950. Various factors have contributed to the intense competition and plentiful supply of various types of small watercraft and, although the volume of sales in 1956 is not expected to differ much from 1955, further expansion of the small watercraft business is confidently predicted.

Factors in Demand

Major factors in the growth of this demand are the large supplies of boats available at reasonable prices, more efficient and lower priced outboard motors, over-crowding of highways during weekends and, of course, expanding population. In the study carried out in 1952, the fleet of 22,000 boats in the Bay area consisted of the following:

Craft with inboard and outboard motors	11,000
Sailboats	5,000
Power cruisers (over 25')	6,000

The number of canoes was not estimated, but it is probably rather small because they are used on comparatively few lakes.

62263—3½

The most popular type of small watercraft in the Bay area is the outboard; one source asserts that at least 50 per cent of all power-driven watercraft in the area are outboards. The most popular type of outboard is made of sheet plywood, is 14 feet in length, and sells for about $400 retail (without motor). It is believed that about half of all outboards sold are the sheet plywood type. Fourteen-foot outboards made of fiberglas, plastic or aluminum retail at $500 to $600; those of moulded plywood retail at about $600. Despite the popularity of plywood boats, buyers are turning increasingly towards fiberglas, plastic and aluminum, with fiberglas and plastic in the lead.

The most popular types of inboard are made of wood, are 18 feet in length and, with the motor, retail at about $2,500.

The most popular type of sailboat used on San Francisco Bay is 24 feet in length, retailing at about $4,000. In the smaller types of sailboats—those used on more protected waters in particular—13 feet is the popular length; these retail at about $800. Both these types are made of wood.

The most popular type of canoes seems to be those made of aluminum, 13 feet in length and retailing at $215 unpainted, and $230 to $235 painted. Fourteen-foot canvas canoes retail at about $250.

Sales Prospects

Roughly half the small watercraft of all types sold in the Bay area are produced in California and half elsewhere in the United States; only a very small percentage is imported from other countries. The California producers are comparatively small operators and are facing stiff competition from eastern manufacturers, particularly those in Buffalo, New York, and Grand Rapids, Michigan. These companies are cutting freight costs by turning out hulls that may be nested for shipment west. California firms in the field now are setting their prices, however, to meet this eastern competition. Recently Texas manufacturers have been shipping plastic hulls into this area; these have proved popular with the weekend yachtsman who must move his boat between trailer and water.

Two years ago, delays in deliveries in this market were as long as ten months; now the supply of boats is equal to the demand and competition is more intense.

Canadian Opportunities

Canadian companies who wish to sell in this area face two handicaps—the U.S. tariff and the long freight haul. But if Canadians have a good product that can compete price-wise (f.o.b.) or has other attractive features, they should find business here. British Columbia boat-makers could transport their boats by water and thus have the advantage over producers in the eastern states. Some of the eastern Canadian boat firms might use shipping coming west via the Panama Canal.

—W. P. McLEOD
Vice-Consul, San Francisco.

Southern California

The Market

BOATING has gained in popularity in Southern California as it has in all other parts of the United States, and thousands of boats in the various categories are in use. The Register of Pacific Coast yachts lists over 10,000 craft of 18 feet and over (power and sail) for the U.S. Pacific Coast. Smaller craft probably total ten times that number.

Types Preferred

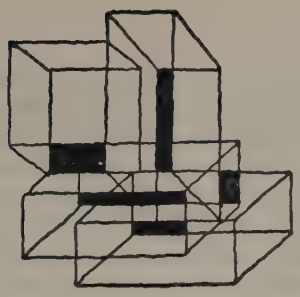
The 12 to 14-foot outboard seems to be the leader in this area but buyers show a strong tendency to graduate to 16-foot craft. There is also some demand for 18 to 20-foot craft with twin outboard motors. Most popular price range is from $300 to $500. About 40 per cent of buyers still prefer wooden boats, 40 per cent favour plastic, and 20 per cent aluminum. The fiberglas type also appears to be gaining ground and fiberglas models attracted attention at the recent World Plastics Fair here.

Sales Prospects

Sales have been expanding steadily since 1950 and dealers expect that in 1956 they should gain about 20 per cent over 1955. The Canadian Consulate General in Los Angeles is making efforts to arrange for a local company to act as distributor for several lines of Canadian craft in 11 western states. The phenomenal growth in the market for small watercraft in this area should make it possible to sell about $350 thousand worth of Canadian boats a year in this territory. This will mean meeting competition from domestic production.

Imports at pres nt are small and confined largely to larger sailboats and to motor boats of over 30 feet in length, largely from West Germany and The Netherlands. A limited number of Canadian small watercraft are already coming into the territory.

—W. K. WARDROPER
Consul of Canada, Los Angeles.



commodity notes

British Honduras

WOOD PRODUCTS—The Forest Department of British Honduras reports that there were 21 sawmills in operation at the end of 1954. Markets for mahogany in the United States and Europe remained satisfactory and cedar was in demand in the Cuban market. Pine exports held up in spite of increased competition. Exports of mahogany logs totalled 81,400 cubic feet and were valued at $253,500—Kingston, Oct. 10.

Egypt

ONIONS—The 1954 Egyptian onion crop is estimated at 5,863,000 kantars, compared with 5,529,000 kantars last year. (One kantar=99·05 lb.) Substantial quotas have been made available for export—Cairo, Oct. 17.

Federation of Rhodesia and Nyasaland

PREFAB HOUSES—The agent of an English manufacturer of prefabricated houses has erected a bungalow near Salisbury in four weeks with the aid of six African workmen and at a cost of $8,000. The parts were all supplied from the United Kingdom and consisted principally of wooden sheets insulated with cork and faced with asbestos to keep out the "cold" in the African winter and heat in summer. The 1,300-square-foot home has three bedrooms and an aluminum roof to prevent glare. Semi-detached bungalows could be built for $5,500 and the British company is hopeful that the Government of Southern Rhodesia will place large orders in connection with its housing plans—Salisbury, Oct 18.

Finland

WOOD PRODUCTS—Finland's exports of forestry products during the first half of 1955 totalled 59 milliard marks, corresponding to 81 per cent of total exports. Last year's figures were 50 milliard marks and 79 per cent. The largest increase was in the paper industry, where exports increased by 6·5 milliard or 18 per cent. The main products exported included round timber, sawn wood goods, plywood, mechanical pulp, wallboard, sulphite cellulose, sulphate cellulose, carton and cardboard, newsprint and wrapping paper—Stockholm, Oct. 14.

Hong Kong

UMBRELLAS—In 1954, Hong Kong's 27 umbrella factories exported 273 thousand dozen umbrellas. The chief overseas markets were British West Africa (45,900 dozen, valued at HK$2·4 million), the United Kingdom (55,800 dozen, valued at HK$1·4 million), and Malaya (57,600 dozen worth HK$1·4 million). All raw materials were imported: steel wire for ribs from England, and cloth for covers from the United Kingdom, India and Japan. Much of the labour is done by outworkers—Hong Kong, Oct. 13.

India

LUBRICATING OILS—A new process for making lubricating oils for watches and instruments has been developed at the Technical Development Laboratories, Kanpur. It blends together esters of certain organic acids, with or without a vegetable oil thickener. The materials developed are said to possess all the desirable qualities of good-quality watch oils—New Delhi, Oct. 12.

Indonesia

TIN—Tin production for the first half of 1955 amounted to 22,250 long tons, compared with 23,230 long tons in the same period of 1954—Djakarta, Oct. 11.

Netherlands

BEER—Exports of Dutch beer increased from 244,300 hectolitres in the first six months of 1954 to 284,600 in the same period this year. Chief markets were the Gold Coast (58,200 hectolitres), Nigeria (31,700), United States (21,500), the Netherlands Antilles (16,000), Japan (11,500), Netherlands New Guinea (11,000), United Kingdom (10,400), Anglo-Egyptian Sudan (10,000), Surinam (10,000) and Hong Kong (9,000). Although the Netherlands is still the largest beer exporter, competition from Germany is increasing, particularly in Nigeria and Hong Kong—The Hague, Oct. 24.

Norway

WOOD-REFINING PRODUCTS—The value of Norwegian exports of mechanical and chemical wood pulp, paper and cardboard during the first six months

of the year totalled about Norwegian kroner 496 million, an increase of about 7 per cent compared with the same months of 1954. The largest increase, a little over 16 per cent, was in mechanical wood pulp; the export value of this product did not change, although the volume was 5·6 per cent lower than last year. Exports of paper rose in value by 7·8 per cent—Oslo, Oct. 21.

South Africa

MAIZE—The sixth official maize crop estimate, released while harvesting is under way, indicates that production will be about 2·5 million bags (of 200 lb.). This is less than last year but the total harvest of 36·6 million bags provides a surplus of approximately 10 million bags over the normal domestic offtake of 26 million bags. Maize will again be exported and, despite lower international prices now prevailing, will contribute substantially to the balance of trade—Johannesburg, Oct. 17.

Sweden

WOOD PULP—Swedish exports of wood pulp to the United States this year are expected to reach about 150 thousand tons against 190 thousand in 1954 and 275 thousand in 1953. The United States market gives Swedish exporters less profit because prices are 30-70 kronor below European quotations—Stockholm, Oct. 20.

United Kingdom

AUTOMOBILES—United Kingdom production of passenger cars reached 570,625 in the first eight months of this year, an increase of 16 per cent over the 491,181 manufactured in the comparable period of 1954. Production of commercial vehicles also rose from 164,998 to 209,496 units.

Exports in the first eight months of 1955 totalled 259,180 passenger cars, an increase of only 6,802 over the 1954 figures. These figures make it clear that rise in British car production is not being equalled by the increase in export sales—London, Oct. 24.

United States

FURNITURE—According to a Grand Rapids source, 1955 is becoming the best year U.S. furniture makers have ever had. For example, August 1955 orders were 22 per cent higher than those of August 1953, which was the previous record year—Detroit, Oct. 27.

CRANBERRIES—With harvesting about two-thirds completed on October 1, the Massachusetts cranberry crop is now forecast at 560 thousand barrels compared with the September forecast of 610 thousand. Production last season in Massachusetts totalled 590 thousand barrels and the ten-year average production is 510,700 barrels. More berries than usual are being culled out because of soft-rot caused by sun-scalding and too much standing water. September was generally favourable for harvesting as rains and flooding for frosts did not interfere seriously with harvest operations on most bogs. Berries are only medium in size but, after screening for soft ones, are expected to have good keeping quality —Boston, Oct. 26.

APPLES, PEACHES, PEARS—New England commercial apple production is forecast at 9,375,000 bushels, 50 per cent above last year's crop and 46 per cent ahead of the 1944-53 average. The torrential rains of August 18th and 19th in Massachusetts and Connecticut were not accompanied by hurricane winds and, except for a few orchards, did little damage to the apple crop. Production estimates for the peach crop are 244 thousand bushels—14 per cent above 1954 and 5 per cent above average. Pear production in Massachusetts is estimated at 106 thousand bushels, two-thirds larger than last year and 20 per cent above average—Boston, Oct. 26.

ALUMINUM—A new company in the aluminum field recently opened its first primary aluminum plant at Columbia Falls, Montana. Production is expected to reach 60,000 tons of ingot annually by the end of the year. The plant will employ about 450 persons. Jamaican bauxite will be refined into alumina at a processing plant on the Gulf of Mexico. The alumina will be shipped from there to Columbia Falls by rail and it is expected that more than 2,000 freight cars a year will be required for this service—Chicago, Oct. 24.

West Germany

PLASTICS—Plastic raw materials exported from West Germany during the first five months of 1955 were valued at DM110 million, a 35 per cent increase over the corresponding period of last year. Plastics are now fourth on the list of exports of the chemical industry, topping pharmaceuticals. This indicates the increasing popularity of West German plastics in almost all parts of the world—Bonn, Oct. 19.

Tour of Territory

G. F. G. HUGHES, Commercial Secretary in Beirut, Lebanon, will visit Bahrain, Kuwait, Baghdad, and possibly Basra, during the last week in November and the first week in December. Businessmen who would like Mr. Hughes to undertake commissions for them should get in touch with him at Beirut.

Norwegian Business Expands

Rising industrial production, exports, and shipping revenue featured first six months of 1955. Import surplus, however, reached a record and brought deficit on balance of payments, partly covered by foreign loans.

E. RUDIE, *Office of the Commercial Counsellor, Oslo.*

NORWAY'S ECONOMY continued to expand during the first half of 1955. Except for agriculture, which suffered considerable losses because of an extremely hot and dry summer, the general rise in production was remarkable. Exports increased in value and in volume and revenue from shipping services rose steadily. The foreign currency problem, however, is still unsolved. Imports are heavy as a result of the economic activity and there is a constant and considerable deficit in the balance of payments.

The industrial production index for the first six months of the year was 146 (1949=100), compared with 140 for the same period of 1954. This expansion is also reflected in foreign trade: the value of exports increased to N.kr.2,110 million, compared with N.kr.1,970 million last year. This increase resulted partly from improved terms of trade but the volume of exports has also risen. Imports, however, have risen even more—from N.kr.2,900 million to 3,230 million, and the import surplus reached an all-time high of more than N.kr.1,100 million. This deficit was too large to be covered by the net revenues from shipping and other services, in spite of the fact that the Norwegian merchant fleet today is larger than ever before and ocean freight rates have gone up lately.

Balance of Payments

Despite the various measures introduced by the Government in February to alleviate the difficult foreign exchange position, and which were largely aimed at reducing consumption and investment, the total deficit on the balance of payments for goods and services for the first six months of the year rose to N.kr.483 million from N.kr.390 million for the same period of 1954. This year it has been partly covered by the raising of loans abroad. The Norwegian Government has obtained loans amounting to fl.35 million in the Netherlands, $15 million in the United States, and $25 million from the International Bank for Reconstruction and Development. In addition, the city of Oslo has raised a loan of Swiss fr. 25 million in Switzerland.

Norway's total deficit in the European Payments Union for the first six months of the year reached $22·9 million. In July the deficit was $15·8 million, and by the end of that month Norway had drawn altogether $229·5 million of her total quota of $254·8 million in the Union.

Import Balance

Imports have continued to increase in 1955 and the value of commodity imports (excluding ships) during the first half of the year was 11·5 per cent higher than in the same period of 1954. The value of exports, however, increased by only 7·3 per cent. Imports of ships weigh heavily in Norway's trade balance and were valued during the first half of 1955 at N.kr.763·9 million, compared with 591·1 million in the first half of 1954. Exports of ships (mainly older vessels) totalled N.kr.129·8 million compared with 65·2 million last year.

Apart from ships, the increase in imports came chiefly in grain and grain products, fuel, and metals. In these three groups alone, the increase amounted in all to N.kr.271 million out of a total rise (excluding ships) of 333 million. In exports, most of the expansion was concentrated in Norway's principal exports, such as herring and other fish and fisheries products, pulp and paper, and metals. Exports of canned goods and fats and oils showed some decline. The unfavourable foreign trade balance did not result, however, from price. The terms of trade were propitious, with the prices of exports rising more than those of imports.

Of Norway's imports in the first half of 1955, 70·8 per cent came from European countries and 74·9 per cent of her exports went to these markets. North America supplied 15·8 per cent of total imports and took 9·1 per cent of total exports.

Trade with Canada showed little change from last year; exports to Canada remained practically unchanged at $1,001,087, compared with $1,010,793 in 1954; imports from Canada declined slightly in value, from $21,009,434 to $20,543,493. As usual, about half of the exports (57 per cent) consisted of fish and fish products, mainly canned anchovies and sardines. Principal imports into Norway were, in order of

importance, nickel in matte or speiss (60 per cent of the total), fine copper in ore, wheat, drugs and chemicals n.o.p., and flaxseed n.o.p.

Industrial Output Rising

The rise in industrial production this year is worth noting. In January-June total output was about 4 per cent higher than for the same months last year. The improvement was less pronounced than in the first half of 1954, mainly because the herring oil factories received slightly smaller supplies of raw materials. The largest increase took place in the wood-processing industries, which recorded a total rise of close to 15 per cent; the improvement was most marked in the paper, paper products and wallboard industries. Some 306 thousand metric tons of chemical wood pulp were produced—approximately 9 per cent more than last year—and about 321 thousand metric tons of mechanical wood pulp, also well above last year's output. Activities in the textile industry have declined slightly in recent months and sales have been dropping off The following table shows annual and monthly production indices on the basis of 1949=100.

	1953	*1954*	*June 1954*	*March 1955*	*June 1955*
Overall index	129	137	140	157	150
Home industries	127	132	138	144	147
Export industries	134	151	145	192	158
Wood-processing industries	124	141	140	168	169
Iron and metal industries	137	140	131	147	167
Textile industries	112	114	116	121	113

Shipping and Fisheries

At the beginning of the year the merchant fleet consisted of 2,346 ships totalling some 6,920,000 gross registered tons and the tanker fleet of 425 ships aggregating 3,800,000 tons. The rise in freight rates during the last few months of 1954 continued in the first half of this year, with the index for trip charter rates rising from 120·1 in December 1954 to 130·7 in June. The time charter index also rose steadily during the same period from 116·3 to 140. Tanker rates, on the other hand, dropped from 110·6 in December to 105·9 in March and to 72·6 in June. This improvement in freight rates brought the net freight earnings of the merchant fleet during the first six months of the year up to N.kr.1,077 million compared with 869 million for the first half of 1954. At the end of June, Norwegian contracts for the building of vessels at foreign shipyards represented about 617 thousand tons. Current Norwegian contracts, including those placed in Norway, total about 834 thousand tons. On July 6, the latest available date, 14 ships totalling 107,234 tons deadweight were laid up—103,464 tons representing tankers.

The large herring fisheries off the West Coast at the beginning of the year were very satisfactory; the catch totalled 734,700 metric tons with a first-hand value of N.kr.157 million. This is the second largest catch in the history of the Norwegian large herring fisheries; the record (892,800 metric tons) was achieved in 1954. As usual, about 75 per cent of the catch went to the herring oil and meal factories and most of the remainder was salted. The Finnmark cod fisheries set a postwar record of 60,000 metric tons compared with only half that amount last year. Exports of fish and fish products during the first six months of the year were valued at N.kr.348·6 million (333·4 million in 1954).

Drought Cuts Farm Production

Norway has had the hottest and driest summer since 1901 and the drought has cut agricultural production up to 50 per cent in some districts. According to a government review, the total loss is estimated at N.kr.270 million. As a result of the scarcity of various agricultural products, prices have increased sharply and the Government has been forced to establish maximum prices for potatoes and vegetables. The failure of the hay crops in large parts of the country has resulted in increased slaughterings and an appreciable decline in the output of milk and dairy products. These developments have led in turn to the investigation of export possibilities for surplus stocks of meat and have raised the question of higher milk prices and possibly subsidies in order to make production more profitable for the farmers. Increased imports of cake meals and other feedingstuffs may also have to be considered.

Mile-Long Moulded Rubber

A United States rubber manufacturing firm has announced that it can now produce moulded rubber parts that are miles long, compared with previous limits measured in feet. The parts are produced by continuous moulding which is said to be cheaper, faster and as accurate as press or conventional moulding. The new method is said to be more exact than extruding and softer rubber stock can be used —an important asset where springiness or compression fit of a part is necessary. Users can cut the exact lengths needed, thus eliminating practically all scrap and reducing the cost of the spliced part.

The company reports that it is now producing seals for concrete pressure pipe and forms for concrete slabs and engine mountings. Seals for double windows, sink spray hose and windshield wiper tubing are being tested. One window manufacturer found only one splice per window was necessary with the new moulded rubber. It is also expected to be a boon to concrete pipe makers.

What factors are influencing the British trade position and what are the prospects for the near future? Here is a discussion of these questions and the points which they raise.

The Outlook for British Trade

R. P. BOWER, *Commercial Counsellor, London.*

TEN YEARS have elapsed since the end of World War II and the pattern of United Kingdom trade is still distorted by a comprehensive system of import controls. Recent years have seen considerable progress in dismantling these controls, though the pace has definitely slowed in 1955. The current balance-of-payments difficulties in the United Kingdom have therefore led to speculation on the prospects for further trade liberalization. The following paragraphs discuss some of the factors which underlie the current British position and which will have a bearing on the course of future moves.

Ever since the outbreak of war in 1939, the United Kingdom's trading difficulties have been apparent to the public in one form or another. Rationing, which was originally introduced as a wartime measure, was retained in many forms at war's end largely because the country's resources were considered inadequate to meet full demand under free conditions. Most of these controls have now been eliminated but the fact that coal is still rationed to domestic consumers serves as a constant reminder that the trading position of the country affects the welfare of every individual, and that it is not yet entirely satisfactory.

Share of World Trade Declines

Recent studies of world trade reveal certain disquieting features of the United Kingdom position. The total volume of world trade has risen steadily (except for one minor setback in 1952) since the end of the war, yet the United Kingdom's share of this trade has declined. In manufactured goods the British share of the total fell from 25·7 per cent in 1950 to 19·8 per cent in the six months ending in March 1955. At today's volume of trade in manufactured goods this decline means a foreign exchange loss to the United Kingdom of roughly the equivalent of $1·7 billion in a full year. As the gold and dollar reserves of the sterling area declined by $337 million in the twelve months ended June 30th last, this loss in potential foreign exchange earnings emphasizes the need to improve the competitive position of British industry in world markets. The re-emergence of Germany and Japan as industrial competitors was bound to cut into the share of world trade enjoyed by the United Kingdom, but this has heightened and not eliminated the need for British industry to remain competitive.

Trade between Manufacturing Countries

The United Kingdom Treasury has recently published a review of the world's postwar trade which points out that the volume of trade between manufacturing countries has been rising faster than the volume of trade between manufacturing and primary producing countries. As the bulk of United Kingdom trade has been with the primary producing countries (particularly within the Commonwealth) this has contributed to the decline in Britain's share of the total trade. The review ends with the following comments:

"There are no signs as yet of any big increase in the value of imports from primary producing areas; indeed two of them, Australia and New Zealand, are in difficulties because their export earnings are not big enough, and primary commodity prices, with one or two exceptions (copper and rubber for instance), have not shown any stronger upward tendency. These different export market prospects—good in Europe and North America, not so good in many primary producing countries—are very important for the United Kingdom, whose main need at the moment is to increase her exports sufficiently to re-establish an adequate surplus in her balance of payments and to set the gold and dollar reserves rising again. The weight of the United Kingdom's export effort must change with changing markets."

Current Outlook

The ability of United Kingdom exports to adjust themselves to their new role depends on many things. The recent curtailment of imports into Australia and New Zealand may deflect British foreign sales to other markets, including those in North America. It is possible that inability to sell so freely in some markets will mean better delivery terms in others, and this could have a beneficial effect on dollar sales, where

the long delivery dates quoted by British exporters are frequently a major impediment to orders. This movement will be aided by any developments in the United Kingdom which tend to limit home demand. *Foreign Trade* for March 19, 1955, contained an article entitled, "Britain Raises the Bank Rate". This referred to the inflationary trends which were developing and to an adverse movement in the terms of trade in the United Kingdom. An increase in the bank rate and restrictions on instalment sales were described as fiscal measures aimed at bringing trade balances into better equilibrium. It is over six months since these steps were taken and their full effect cannot yet be seen. The gold and dollar reserve position is still unsatisfactory. A fall of $136 million in July and $87 million in August brought the total to $2,457 million, or a drop of $560 million from the level at the end of June 1954. The trade figures have been disappointing, with an excess of imports over exports which averaged £102 million from June to August compared with £65 million from January to May.

It must be remembered, however, that fiscal measures of the kind adopted require time to take effect. Accepted orders have to be worked off and existing contracts which cannot be cancelled must be completed. In imports the lag is particularly conspicuous because there are stocks afloat which must be paid for, and so on. It is impossible, therefore, to condemn as inadequate the measures that have been taken in the fiscal field—they have simply not had time to exert their influence. Similarly, it is impossible to draw valid conclusions from the unfavourable trade figures—they are too distorted by the transport strikes to give the true position.

Future Policy

It is this inability to get an accurate picture of the situation which is most likely to influence trade policy in the United Kingdom in the immedate future. The Chancellor of the Exchequer has stated his determination to continue his efforts to reduce home demand. He has also expressed his belief that import cuts will not solve the problem, but until it is clear that the downward trend of the gold and dollar reserves has been stopped or reversed, restraint will be exercised in any action likely to add to the import bill.

trade commissioners on tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions here and to renew their contacts with businessmen. Details of their itineraries appear under this heading, as a service to exporters and importers who wish to discuss trading problems with them.

M. P. CARSON, Consul and Trade Commissioner in São Paulo, Brazil, began his Canadian tour in Vancouver on October 3. His itinerary is:

Montreal—Nov. 14-25 Quebec—Nov. 28-29 Ottawa—Nov. 30

C. M. FORSYTH-SMITH, Commercial Secretary in Sydney, Australia, began the first part of his Canadian tour in Halifax on October 31st. His itinerary is:

Montreal—Nov. 7-18
Toronto—Nov. 21-Dec. 2
St. Catharines—Dec. 5
Welland—Dec. 6
Hamilton—Dec. 7
Windsor—Dec. 8
Ottawa—Dec. 9-18

H. J. HORNE, Commercial Secretary in Lima, Peru, began his Canadian tour in Vancouver, October 17-27. His itinerary is:

Toronto—Nov. 7-17
Hamilton—Nov. 18-20
Welland—Nov. 21
Brantford—Nov. 22
London—Nov. 23
Windsor—Nov. 24
Sarnia—Nov. 25
Goderich—Nov. 28
Woodstock—Nov. 29
Guelph—Nov. 30
Ottawa—Dec. 1-7
Montreal—Dec. 8-15
Quebec—Dec. 16

Businessmen in the various centres may get in touch with these officers through the following organizations:

Board of Trade—Brantford, Goderich, Guelph, Montreal, Quebec, Saskatoon.

Chamber of Commerce—Calgary, Hamilton, London, Niagara Falls, St. Catharines, Sarnia, Welland, Windsor, Woodstock.

Canadian Manufacturers Association—Toronto, Winnipeg.

Department of Trade and Commerce—Ottawa.

Australia Expands Its Petroleum Industry

R. W. BLAKE, *Commercial Secretary, Melbourne.*

Four new oil refineries built within the last five years will bring Australia close to self-sufficiency in a number of petroleum products and save the economy about £A28 million a year.

THE CREATION OF A HUGE PETROLEUM REFINING INDUSTRY has been one of the outstanding features of Australia's postwar industrial expansion. At a capital cost of £A114 million (approximately $250 million), the industry when it is in full production will raise Australia's refining capacity to eight million tons of crude oil a year. This compares with 450 thousand tons in 1939, just over a million tons in 1951, and about two million tons in 1954.

The industry has built four new refineries in less than five years, using mainly overseas capital and technical knowledge, local labour, and about 50 per cent local materials. These refineries are strategically located around the Australian coastline at Kwinana near Fremantle in Western Australia, at Altona and Geelong in Victoria, and at Botany Bay in New South Wales. With refineries dotted from west to east, Australia can bring in supplies of crude oil by many different sea routes. This is also a defence asset which the country lacked in the last war. Following are details of the four new refineries:

• *The British Petroleum Company,* operating through Australasian Petroleum Refinery Ltd.—Work began on the site of this refinery at Kwinana near Fremantle early in 1953. The No. 1 atmospheric distillation unit came "on stream" on February 1, 1955, and the refinery was in full production by the middle of this year. The processing plant consists of units for atmospheric and vacuum distillation, catalytic cracking, reforming and desulphurization, as well as ancillary treatment units. The refinery's maximum annual production of motor spirit is 664 thousand tons; of power kerosene, 60,000 tons; aviation turbine fuel, 60,000 tons; gas oil, 200 thousand tons; diesel oil, 234 thousand tons, and furnace oil, 1,546,000 tons. The crude oil comes from the Persian Gulf. Basic capital cost of the refinery was £A40 million.

• *The Standard-Vacuum Oil Company,* operating through the Standard-Vacuum Refining Co. (Australia) Pty. Ltd.—This company began to extend its existing plant at Altona, Victoria, in November 1952 and the new refinery came on stream in January 1955. The company refines Wasian (Dutch New Guinea) and Aramco (Middle East) crudes, from which it expects to produce annually 380 thousand tons of motor spirit, 240 thousand tons of distillate and diesel oil, and 250 thousand tons of furnace oil. The company is adding to its original plans a catalytic reformer and an alkylation plant. The alkylation plant will cost £1,750,000 and produce 20 million gallons of aviation spirit a year; output of jet fuels and bitumen will continue. Basic capital cost of the plant is £A22 million.

• *The Shell Company,* operating through Shell Refining (Australia) Pty. Ltd.—Building of the refinery at Geelong, Victoria, began in mid-1951 and the distillation units came on stream in March 1954. The units comprise atmospheric and vacuum distillation, catalytic cracking, polymerization, platforming and ancillary plant. Crude comes principally from British Borneo. Annual production from a through-put of 1·7 million tons is expected to be: motor spirit, 610 thousand tons; distillate and diesel oils, 580 thousand tons; furnace oil, 580 thousand tons. Jet fuels will also be produced. The "cat-cracker" is expected to come on stream in September 1955. Basic capital cost is £A27 million.

• *The Bahrein group, including Caltex, Sleigh, and Ampol,* operating through Australian Oil Refining Ltd.—Construction began at Kurnell, New South Wales, early in 1953 and the refinery is expected to come on stream towards the end of 1955. The units planned are two-stage distillation, fluid catalytic cracking, propane decarbonization, polymerization, and auxiliary units to operate these. Crude oil will come mainly from the Persian Gulf area and the East Indies. Products available for marketing are expected to be: motor spirit, 575 thousand tons; jet fuel, 50,000 tons; kerosene, 20,000 tons; distillate and diesel oil, 114 thousand tons, fuel oil, 135 thousand tons. Basic capital cost will be £A25 million.

All these companies decided upon plants that would include catalytic cracking units, thus providing up-to-date refining methods.

New refinery capacity amounting to about six million tons had been completed by early 1955 and accounted for the large increase in imports of crude oil—from 240 million gallons in 1953 to 510 million gallons the following year.

Imports of Petroleum Products

The greater output from Australian refineries was also reflected in the slower increase of imports of petroleum products during 1954. Although consumption increased by 14 per cent, imports rose by only 3 per cent. Imports of motor spirit fell from 620 million gallons in 1953 to 609 million gallons in 1954. Australian consumption of all petroleum products was 5,776,000 tons in 1954 and is growing at the rate of approximately 6 per cent a year.

When all its refineries are in full production, Australia will be able to refine all the motor spirit, jet fuels, distillate and diesel and furnace oils the country needs. Only a proportion of the aviation fuel, kerosene, lubricating oils and some petrochemical products it requires will have to be imported. At the same time, a significant quantity of diesel and fuel oil will be available for export.

All of the aviation gasoline which Australia uses is now imported, but the Altona refinery is installing plant with a potential output of 20 million gallons of aviation spirit a year. At the current rate of consumption of aviation spirit, this would produce about half of Australia's needs and the new refineries will be able to provide the major part of its requirements of jet fuel.

Foreign Exchange Savings

At the present time all crude oil used in Australia must be imported and is brought in mainly from British Borneo and the Middle East. It is estimated that the new refineries will effect a saving of about £A25 million a year on imported petroleum products, on the basis of the total import figure of £A79 million in 1953-54 when imports of petroleum equalled about 12 per cent of the overall total. The older refineries were saving Australia about £A3 million a year in foreign exchange, so the total saving will amount to about £A28 million a year. Approximately £A5 million of this represents dollar exchange. The nation's economy will gain in industrial progress generally, in industries from aviation to mechanized farming, and in security.

The refineries have been erected and are operated irrespective of any prospect of the discovery of oil in Australian territories. Should such a discovery be made (exploratory drilling is under way in Australia, Papua and New Guinea), it would give Australia a completely integrated petroleum industry.●

Chicago Office Expands

EXPANDING TRADE COMMISSIONER SERVICES in the Chicago area made necessary the move of the Canadian Consulate General in Chicago on November 1st to larger quarters at 1412 Garland Building, 111 North Wabash Avenue, Chicago 2. The new accommodation of over 6,000 square feet of floor space is ideally located for the convenience of visiting Canadian businessmen; it is close to the hotels on North Michigan Avenue and only a few minutes' walk from the heart of the business district.

Frederick W. Palmer is Consul General and Gerald A. Newman, Deputy Consul General, is in charge of the new and enlarged trade services which should be in full operation by the New Year. The trade staff, in addition to Mr. Newman, will consist of two career Trade Commissioners and a locally appointed commercial assistant.

For the present, the Department plans to cover three distinct fields as a means of testing trade possibilities. Mr. Newman, in addition to general supervision of trade services, will also explore trade possibilities in the eleven Midwest states included in the territory covered by the Chicago office. Another trade officer will be in charge of an industrial trade promotion plan—seeking out trade prospects for Canadian raw materials, some manufactured goods and component parts among the 14,300 manufacturing establishments in the metropolitan area with an annual production of $18·3 billion. This officer will also be on the lookout for branch plant prospects. A second trade officer will be in charge of the consumer goods division, covering sale of Canadian products for the retail trade and also looking after participation in trade shows.

Chicago is the home of the largest mail-order houses in the United States, and the metropolitan population, exceeding 5¾ million, and with higher family incomes than other major U.S. centres, provides a concentrated department and retail store market. In addition, it supports a large wholesale distribution and chain store trade.

Chicago is unique as the convention centre of the United States and many of these conventions have attendant exhibitions. Such shows may offer opportunities for the introduction of Canadian products and they will be seriously canvassed by the Consulate's consumer goods division.

It is hoped that these trade services will prove useful to Canadian shippers who wish to test the United States market and build up their sales.●

Business in British Borneo

D. S. ARMSTRONG, *Trade Commissioner, Singapore.*

GOOD EXPORT EARNINGS have brought prosperity this year to the British Borneo territories—the colonies of Sarawak and North Borneo and the State of Brunei. Under sound government financial policies, the revenue from export duties, royalties and income taxes is being re-invested in projects to open up these territories for further development or spent on such social necessities as schools, hospitals, sanitation schemes, and broadcasting services.

British Borneo's major problems are the small population and the lack of communications. The concept of Asia's "teeming millions" does not hold true in Borneo; in the British territories the population averages less than ten per square mile. There are no rail or road links between centres and travel must be by air or water. Malayan Airways flies from Singapore to five Borneo towns six days a week, and a feeder service serves eight other localities. Various shipping services connect Singapore and Hong Kong with Borneo ports, and a few British and European lines call irregularly. The people make good use of the many winding, sluggish rivers, particularly in Sarawak, for transportation and communication.

British Borneo's small population (about one million for the three territories), coupled with a simple standard of living and high degree of self-sufficiency, make it a poor market for Canadian goods. Moreover, the distance from Canada is great and shipping services are poor. The demand for imported goods is met largely by the transhipment trade from Singapore and Hong Kong. The largest purchasers are the governments and the oil industry and they are committed to saving hard currency wherever possible. Nevertheless, if the territories can solve their communications and labour problems, a great deal of economic development will take place in the years ahead. In anticipation of this development, British banking interests have invested considerable sums in buildings and real estate.

Sarawak

Pepper now leading export; rubber output and sales fluctuate with world prices; timber industry becoming important.

SARAWAK is best known for its long association with the Brooke family, the "White Rajahs", who suppressed piracy and persuaded the native Dyaks to give up head hunting. After World War II, the third Rajah Brooke realized that the problems of rehabilitation and economic and social development were too large for the resources at his command and the State became a British colony on July 1, 1946.

Sarawak's rich and fertile soil has made it prosperous. Theoretically it could be self-sufficient in food production, but with good prices for rubber and other produce it is more profitable to grow these crops than rice. The tropical climate permits a minimum of clothing and shelter for people with a simple standard of living.

Petroleum products are listed as by far the most important of Sarawak's exports, but this is misleading since most of the oil is piped from the State of Brunei to the town of Miri where there are tanker loading facilities and a refinery. Production from the oilfield at Miri is declining and the search for new fields in Sarawak has not yet been successful.

Principal Exports

Pepper—In the last two years pepper has been the most important export crop. Production jumped from 9,000 tons in 1953 to 16,000 in 1954 and this year it will probably be even higher, although the increase will not be as startling. Exporters are becoming more conscious of the high grades demanded in overseas markets, particularly North America, and two large firms have installed special cleaning machines.

Rubber—Rubber production and export values fluctuate with world market prices. In 1953 and 1954 exports fell drastically from the peak reached during the Korean War, but with high prices this year, rubber export values should regain their former importance. Greater interest has been shown in replanting and new

planting with high-yielding trees—this is necessary if natural rubber is to remain competitive. The Government plans to subsidize replanting and distribute 500 thousand saplings a year to growers.

Timber—The timber industry, producing both logs and sawn lumber, has gained in importance in recent years. In five years timber exports have grown from 500 tons to more than 200 thousand tons. The most popular type is called ramin, a medium hardwood which grows in the coastal swamp areas. Sarawak is rich in timber resources but because of poor communications most of it is still inaccessible.

Sago Flour—The colony does a valuable export trade in sago flour, but production has had its ups and downs. A few years ago world prices were high enough to encourage the cutting of immature sago palms and the shipping of inferior flour. As a result, legislation was enacted in 1948 to organize and control the industry. Under the present development program, M$500 thousand has been provided to encourage the industry and to find new uses for Sarawak's sago flour and starch.

Brunei

Oil all-important in this undeveloped state. Rich Brunei has no public debt or personal income tax; is able to lend and invest.

THE TINY SULTANATE OF BRUNEI, a British Protectorate since the treaty of 1906, is in many ways one of the world's most fortunate states. The population, estimated at only 60,000, pays no personal income tax and there is no public debt. In fact, Brunei is able to lend and invest considerable sums; her income from investment in 1955 will be approximately M$10 million, compared with gross government revenue of M$100.

Economy Depends on Oil

Brunei owes its prosperity and financial well-being to the British Malayan Petroleum Co., an associate of the Shell group. Production from the Seria oilfield alone averages almost 100 thousand barrels a day, or 4·75 million tons a year, which compares favourably with Canadian output. From two platforms, each a mile off shore, wells have been drilled (some of them deviated) to tap the underwater part of the Seria oilfield. Plans are being made to test-drill for another possible field some 26 miles out to sea.

The biggest news recently in the oil business was a wildcat producer at Jerudong, about 40 miles along the coast northeast of Seria. This promises to be another major oilfield, and in that event a refinery and a deep-water port may be built. A site has already been selected at Muara.

The disproportionately high income of the State has not so far greatly affected the appearance of the territory nor the lives of the people, except in the Seria oilfield where a modern industrial complex of pipes, tanks, derricks, buildings and roads lies incongruously at the edge of the Borneo jungle. Except in Seria and the government offices and homes in Brunei town, most of the people live as they have for hundreds of years in houses made of grass and bamboo with banana leaf roofs, usually built on stilts above the mudflats in the rivers.

Plans have been made and work has started on new housing developments, roads, waterworks, sanitation, schools, hospitals and other social amenities. But the shortage of both skilled and unskilled labour and the difficulty the native people have in adapting themselves

—U.K. Information Office.

A Chinese laboratory assistant in a Brunei refinery adjusts a still on the laboratory bench. Brunei's prosperity stems from its oil industry and new wells are still being discovered.

to civilization make progress very slow. In time, of course, this delightfully natural state will be changed by all the modern conveniences brought by the oil industry.

North Borneo

Rubber is principal industry and export; copra exports are high, timber exports growing. Labour shortage poses problem.

IT HAS BEEN SAID REPEATEDLY for the past 50 years that North Borneo has a great future. This is probably true but no one can know for sure because the country is largely undeveloped and even unexplored. Only the coastal centres such as Jesselton and Sandakan and their immediate hinterlands have been exploited; the rest of the 30,000 square miles, with its population of only 335 thousand, has no roads and few rivers to afford a means of communication.

The modern history of North Borneo began in 1881 when a group of businessmen obtained a Royal Charter to administer and govern the territory. Law and order were established, some capital and settlers flowed in from China and, economically, the country moved slowly ahead. During the Japanese occupation, the main centres of North Borneo and their port and other installations were devastated more severely than any other region in South East Asia. At the end of the war it was decided that a profit-making company would be unequal to the task of rebuilding the country and North Borneo, like Sarawak, became a Crown Colony in 1946.

Like Brunei, North Borneo suffers from a severe labour shortage. The indigenous population is self-sufficient for nearly all its requirements and the people do not take to employment on rubber estates or construction projects. Efforts are being made to import workers with their families from the Philippines and Hong Kong, but the negotiations have been protracted.

Principal Industries

Rubber—The main industry is production of natural rubber and the export value of rubber shipments in 1955 will probably exceed those of the three previous years. Over 90 per cent of the rubber trees were planted more than 20 years ago and a program is in full swing to replace these with new high-yielding types. In 1953, 80,000 clonal stumps and 860 yards of budwood (replanting materials) were distributed. In 1954, 140 thousand clonal stumps and 3,700 yards of budwood were supplied, and this year the figures will reach 400 thousand and 11,000. If this demand continues, as is expected, North Borneo's rubber industry will remain competitive.

Timber—The timber industry has developed markedly since the monopoly of the British Borneo Timber Co. Ltd. ended. Three large firms (one American and two British) have signed 21-year agreements and have invested large sums in roads, logging and sawmilling equipment, tractors and trucks. The industry is perhaps two years away from full production but the signs of more efficient exploitation are evident in export statistics. In 1953, exports of logs and sawn timber totalled 5·2 million cubic feet; in 1954 they increased to 10·5 million cubic feet.

Copra—Copra, the sun-dried meat of the coconut, is another important export and this year North Borneo's copra trade is booming. Because of the unique economics of the region, a sizable volume of copra is brought by neighbouring countries to North Borneo where it is bartered for such goods as flour and cigarettes which are scarce in the Celebes and south Philippine Islands.

Other Crops—Tobacco is grown on one estate near Lahad Datu on the east coast. The growing of abaca from which hemp is produced on former Japanese estates has been taken over by the Colonial Development Corporation. This organization has also been experimenting with cocoa and the results have been good enough to warrant full-scale production this year. Exports of cutch, an extract from mangrove bark used in the tanning industry, have been steadily increasing. Over 60 per cent of the 5·6 million tons exported in 1950 went to the United States.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland, United States and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

Indonesia at the Half-Year

Smaller imports gave Indonesia favourable trade balance and larger foreign exchange reserves in first six months of '55, but prices rose and signs of inflation appeared. Important rubber, palm oil and rice crops cut by bad weather.

W. D. WALLACE, *Commercial Secretary, Djakarta.*

BUSINESS CONDITIONS IN INDONESIA changed little during the first six months of 1955. Signs of inflation were apparent as money in circulation and government borrowing from the Bank of Indonesia continued to increase at a rapid pace. At the same time, the foreign exchange reserves improved somewhat as a result of further declines in imports which, in turn, brought higher prices. All this, coupled with an increase in the price of gasoline in May from 1·04 to 1·80 rupiahs per litre which affected commodity prices, raised the cost of domestic goods. The higher cost of living was felt mainly by the lower income groups and they are now demanding higher wages. The lack of raw materials continued to restrict industrial output and heavy rains affected production of food crops, particularly rice; substantial supplies will be needed from abroad. Estate production, reflecting the uncertain conditions and labour problems, was below the level of 1954.

Financial Picture

According to reports of the Bank of Indonesia, money in circulation increased from 9,247 million rupiahs at the end of 1954 to 10,437 million rupiahs on June 29, 1955. The gain in gold and foreign exchange holdings from 2,079 million rupiahs to 2,406 million rupiahs kept the currency gold cover at close to 23 per cent, which is 3 per cent over statutory requirements. At the same time, government borrowing from the Bank of Indonesia increased from 4,477 million rupiahs in December 1954 to 5,959 million rupiahs by the end of June. Parliament passed a law authorizing government borrowing from the Bank of Indonesia in excess of the previous limit of 30 per cent of the treasury revenue of the previous fiscal year. During the debate it was reported that the 1955 budget deficit would not exceed 2·5 billion rupiahs and that the total amount borrowed from the Bank of Indonesia would not be over 7·1 billion rupiahs. Towards the end of June new regulations were issued restricting the transfer of profits abroad and requiring that 40 per cent of the profits be deposited with the Bank of Indonesia. Permission has been given to use the deposited funds for maintenance and improvement and for re-investment.

In general, prices rose during the first half of this year because of the shortage of imported goods, inventory building, difficulties in distribution, and speculations on devaluation. The increase in the price of gasoline in early May has been reflected in the prices of all commodities and services; many commodities appear to be priced beyond the means of the lower income groups. There has been substantial investment buying of luxury goods in the face of possible devaluation and, as a result, many of these are selling at very high prices.

Agricultural Production Lower

Agricultural production was lower than in 1954; bad weather and heavy floods affected the food crops throughout Indonesia. Rice production declined sharply and many areas reported shortages; the Government is preparing to import rice from abroad to supplement local stocks. The estate production of important crops such as rubber and palm oil was below that of a year ago and the decline is attributed to shortage of supplies, labour problems, and the insecurity that has confronted the producers, as well as the bad weather. On the other hand, production of tea, coffee, hard fibres, sugar, cinchona and cocoa increased.

Estate rubber production for the first five months of 1955 was placed at 109,499 metric tons, compared with 116,357 tons in the same period of 1954. Smallholders' rubber output was estimated at about 180 thousand tons for the five-month period. Exports of rubber totalled 249 thousand tons, of which 70 thousand tons was estate rubber and 179 thousand tons from smallholdings. The monthly average export for 1955 was 49,800 tons compared with the 1954 monthly average of 62,200 tons.

Trade Balance Favourable

Foreign trade statistics for January to May of this year show a further improvement in the balance of trade; exports increased, and imports declined sharply because of continued restrictions. Exports for the first five months of this year were valued at 3,984 million rupiahs and imports at 2,487 million rupiahs, giving a favourable balance of 1,497 million rupiahs. The

comparable export surplus for the same period of 1954 amounted to 415 million rupiahs, with exports valued at 3,665 million rupiahs and imports at 3,250 million rupiahs. The foreign exchange earnings from the favourable balance of trade have been used to meet financial commitments abroad and to supplement the currency reserves rather than to make more exchange available for financing imports.

For the remainder of 1955, it is anticipated that foreign exchange earnings will continue to improve as exports climb and imports are kept at their present level. The increase in earnings will not be reflected in greater expenditure on imports; instead, the surplus will be used in part to pay for invisibles.

Significant changes in Indonesia's import control system became effective on September 1st. The new system returns import and exchange controls on all imported goods but simplifies import procedures. The Central Import Control Office has been abolished and import licences and foreign exchange permits are now issued by the new Bureau for Trade Foreign Exchange which is controlled by the Monetary Board. Indonesian authorities expect that the new system will improve distribution and reduce prices of imported goods. (The new regulations were described in more detail in a trade and tariff note in the September 17th issue of *Foreign Trade*.)

Cuba Studies Coffee Exports

Once a large coffee grower and exporter, Cuba chose to concentrate on sugar. Now the emphasis on diversification is sparking the revival of coffee exports. Canadian buyers might well investigate Cuban supplies.

G. A. BROWNE, *Commercial Secretary, Havana.*

CUBA has long been a big coffee producer and today, according to the Pan-American Coffee Bureau, ranks seventh among the western hemisphere producers—after Brazil, Colombia, Mexico, El Salvador, Guatemala and Venezuela. Their excellent coffee, however, is so much to the Cubans' taste that since the end of World War II the average annual production of 33,000 tons has been almost entirely consumed at home.

The current emphasis upon agricultural diversification and the need to reduce dependence on sugar means that the export of Cuba's better grades of coffee is again receiving attention. The Government and the coffee industry hope for a resumption of former sales abroad which, as far back as 1833, totalled over 32,000 tons —or more than the estimated 1954-55 shipments of any of the present Central and South American countries, with the exception of Brazil, Colombia, Mexico and El Salvador.

Coffee was brought to Cuba by the refugees from the Haitian revolution, the majority of whom were French. They settled in the hills around Santiago de Cuba on the south coast and soon started coffee plantations. Others settled near the little city of Trinidad and from there the culture of coffee spread rapidly to nearly all the mountainous portions of the Island. Rich soil, shade trees, and adequate water provided the essentials for the production of first-class coffee.

Coffee Production Dwindled

During the first half of the 19th century and even up to the abolition of slavery in 1878, Cuba was a coffee-exporting country and coffee an important factor in the economy. With the elimination of cheap labour and with the larger profits from the growing sugar industry, coffee gradually lost its major position in Cuban agriculture.

Domestic preference notwithstanding, Cuban coffee at the turn of the century supplied only 40 per cent of domestic consumption; the remainder was imported, chiefly from Puerto Rico. Anxious to foster the domestic industry, the Cuban Government imposed the first protective duty of $12.15 per 100 kilos of crude coffee in 1900; Puerto Rico was accorded a preferential rate of $3.40. By World War I, the general rate had risen to $23.40 with a 20 per cent preference for Puerto Rico.

In the early years of the 20th century, the development of the coffee plantations was largely neglected in favour of sugar cane. In the twenties good coffee

crops were produced periodically but usually they fell short of domestic requirements. Per capita, only the Americans surpass the Cubans as coffee drinkers and large quantities had still to be imported.

In 1934, with a view to helping coffee production and marketing, the Cuban Coffee Stabilization Institute was organized, with powers to establish prices and regulate imports and exports. Production in the five crop years '44-45 to '48-49 averaged 632,292 quintals, or 478 thousand bags of 60 kilos each, as used in the international coffee trade. Production in the five years '49-50 to '53-54 averaged 713,292 quintals or 538 thousand bags.

Markets and Prices

Not all of this large production has been processed to meet exacting international grading standards, however, and Cuban growers are now considering the setting apart of a portion of the best for export to compete with the principal suppliers to the North American and European markets. The 1955 crop is expected to reach approximately one million quintals, or about 750 thousand bags.

The varieties chiefly grown in Cuba are the Arabica from Santo Domingo (Haiti) and to a lesser extent the Liberia, Robusta, and Stenophilia. Prices to roasters at Havana and Santiago de Cuba for washed coffee, green, have averaged 51 to 53 cents during the second quarter of 1955.

The Canadian market for coffee appears to total about $65 million worth, 75 per cent of which is supplied by Colombia and Brazil. The remainder was taken up in 1954 by 26 other countries; among the lesser suppliers were British East Africa, Mexico, the United Kingdom, Guatemala, and the Dominican Republic.

In this large and important market, Cuban coffee should—with suitable introduction and promotion—find increasing acceptance.●

trade and tariff regulations

Argentina

MULTIPLE EXCHANGE RATE SYSTEM ABOLISHED—The Argentine multiple exchange rate system has been abolished effective October 27, and has been supplanted by a single rate of 18 pesos per U.S. dollar, or the equivalent in other currencies, to apply to imports contained in official lists which are to be published shortly, and to all exports. Certain of the officially listed products, for example automobiles, will be charged a substantial exchange premium. Rates for imports not officially listed and for all exports and for all other financial transactions will revert to a re-established completely free exchange market not controlled by the Argentine Central Bank. It will be actuated solely by supply and demand—Buenos Aires, Oct. 28.

India

NEW OPEN GENERAL LICENCE—A new Open General Licence No. 39 was announced in an Order of the India Ministry of Commerce and Industry dated September 29. The new Open General Licence No. 39, like Open General Licence No. 35 which expired on September 30, covers an extensive list of goods which may be imported into India from all countries except South Africa. The commodities covered by Open General Licence No. 39 must be shipped on through consignment to India on or before September 30, 1956, without any grace period whatsoever.

New items included under the new Open General Licence covering imports into India from all countries except South Africa are: copper and bronze flexible pipes and tubes; chemical lead sheets; hydrosulphite of soda, rangolite C (sodium sulphoxylate formaldehyde) or formosul L. and sodium nitrite; cortisone and hydrocortisone; monel metal pop rivets; rock sulphate; feathers.

Other commodities previously included under Open General Licence for imports from all countries except South Africa and still under the new Open General Licence No. 39 are: metallic ores; non-ferrous metals and manufactures; taper bearings and parts; spare parts of diesel engines; electrical generators; specified drugs and medicines; plumbago and graphite; specified types of paper; trade catalogues and advertising circulars; standard technical books and other unspecified books; special type of refractories; laboratory ware made of china and porcelain and silica; specified chemicals; all sorts of wood and

timber; wood pulp; tractor-drawn agricultural implements; power-driven agricultural machinery; specified electrical instruments and appliances; certain optical and other instruments; phenolic and urea synthetic resins and unspecified synthetic resins.

Several items no longer under Open General Licence will be licensable from the dollar area. These include: electrodes made of brass, bronze and other similar alloys, and rods, foil, wire and strip made of brass, bronze and other similar alloys for gas welding and brazing; aluminum scrap; component parts of roller bearings; air cleaners for diesel engines; ammonium chloride; barium carbonate; methyl amyl acetate; white printing paper (newsprint other than coloured newsprint); sheep foot rollers; hearing aids and parts thereof; micro-eardrum hearing aids; clinical thermometers; glucose powder, dextrose in packages over one pound; polyethylene moulding powder.

Complete information is available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Indonesia

IMPORT SURCHARGES—A new system of surcharges on imports into Indonesia was reported in *Foreign Trade* of October 15 (page 27). This report indicated that the foreign exchange rate on luxury goods was to be determined by auction. It was expected that the minimum surcharge would be set at 200 per cent of the c.i.f. value on "luxury" goods such as fresh apples, marmalades, alcoholic beverages, canned salmon, small outboard motors, ordinary radio receivers, etc., and at 600 per cent c.i.f. on "super-luxury" goods including passenger automobiles, automobile radios, radio-gramophones, refrigerators, toys, electric ranges.

The Indonesian Monetary Board has now announced that the import surcharges on the above-mentioned categories will not be placed on an auction basis for the time being. The rates of import surcharge will be 200 per cent on "luxury" goods and 400 per cent on "super-luxury" goods.

Moreover, cotton weaving yarn and raw cotton have been exempted from import surcharge effective October 8th—Djakarta, Oct. 20.

United Kingdom

SULPHUR ON WORLD OPEN GENERAL LICENCE —In Notice to Importers No. 754, the Board of Trade announces that, with effect from January 1, 1956, sulphur may be imported into the United Kingdom from any country without individual import licence.

Mexio Seeks Sugar Markets

MOUNTING PRODUCTION and a lack of foreign markets have placed the Mexican sugar industry in what Nacional Financiera, the government agency, calls "a highly unstable situation". The industry nevertheless believes that it can find buyers and plans to increase production to one million metric tons or more a year.

Mexico's export quota for 1955 under the London Agreement was cut to 69,801 tons—only 1·59 per cent of estimated consumption this year in countries adhering to the Sugar Agreement. Exports to the U.S. represent 1·2 per cent of total consumption there, and the industry and government will continue to press for much larger quotas. The goal at present is about 170 thousand tons, or 2 per cent of U.S. consumption in 1956-57.

The growth of the sugar industry has been spectacular. As late as 1946, Mexico imported 96,619 tons. In the period 1950-55, production and consumption have increased greatly, as the table shows.

Year	*Production*	*Domestic Consumption*	*Exports*	*Stocks*
1950	590,269	584,191	20,501	59,688
1951	665,420	630,475	.....	73,930
1952	691,522	651,153	8,802	135,202
1953	779,474	679,175	53,817	177,670
1954	828,702	735,085	67,100	203,769
1955	910,000	782,000	80,000	251,800

Of Mexico's 100 sugar mills, 75 normally are occupied during the cane-cutting season. The yield varies from 79 to 112 kilograms of sugar per ton of cane crushed but the average (91 kilograms) is below that of most producing countries.

Improved communications and techniques have enabled growers to increase the area under cultivation from 152,996 hectares in 1950-51 to 200 thousand hectares (500 thousand acres) in 1954-55, with an average yield per hectare of 49·7 tons of cane. The industry now employs 130 thousand people, whose combined earnings amount to 900 million pesos a year, or 1·5 per cent of the value of the gross national product.

Per capita consumption of sugar is rising only slowly, from 22·6 kilograms in 1950 to 25·3 kilograms in 1954, and to an estimated 26 kilograms this year. Some of the sugar industry's products are, of course, used in local industries, such as the making of fertilizers, textiles, iron and steel, paper, tires and electrical products. And these industrial uses may increase. But larger foreign markets are the immediate problem.

M. T. STEWART,
Commercial Counsellor, Mexico City, D.F.

general notes

Australia

NICKEL MINING POSSIBLE—An attempt to mine nickel in Western Australia, near the South Australian border, may be made if a bill to encourage mining companies is passed in the West Australian Parliament. The Mining Act Amendment Bill seeks to extend the maximum land grant for nickel mining to 3,000 square miles. According to the Minister for Mines, there is every possibility that a company will soon bore for nickel near the border if geological surveys are satisfactory—Melbourne, Oct. 14.

Chile

STRIKES—Ministry of Labour statistics show that strikes in 1954 resulted in a decline of Chilean Government receipts of US$16·6 million for copper and US$174,100 for nitrate. During the same period, copper workers lost 575·5 million Chilean pesos and nitrate workers 150 million Chilean pesos in wages—Santiago, Oct. 20.

Indonesia

RADIO ASSEMBLING—Twenty-six firms have been authorized to establish radio-assembling plants in Indonesia. Seven plants are now in operation and the remainder are waiting for their equipment to arrive—Djakarta, Oct. 5.

Italy

POWER STATIONS—A plant using water from the Dolomitic Alps will be completed in two or three years, and will supply the north of Italy with an additional 700 million kwh. a year. Construction started in 1953. Three reservoirs with a total capacity of 75 million cubic metres will feed four power stations. Total cost is estimated at over 40,000 million lire—Rome, Oct. 14.

Jamaica

HOUSING PROGRAM—The Jamaican Government plans to build 200 houses a month for the next three months. They will be turned over on easy terms to peasants and other persons in the low-income group whose houses were destroyed by the hurricane of August 1951.

Shortly after that disaster the Government established a Hurricane Housing Authority to take charge of the rebuilding program. The £1·8 million capital cost was provided by the British Government in the form of a loan of £1 million and a grant of £0·8 million. This latter sum has not yet been spent, and any portion of it not spent by March 31, 1957, will lapse. The local Government is therefore speeding up its rebuilding program; the target is to complete 3,450 dwellings by that date. The Hurricane Housing Authority is being amalgamated with another and older official body doing similar work.

There has been much building in Jamaica in the past few years and the Government's program will increase the demand for building materials—Kingston, Oct. 12.

Taiwan

EXPORT TRADE—Data released by the Inspectorate General of Customs indicates that Taiwan had a favourable balance of trade for the first seven months of 1955, exclusive of American economic aid imports, of US$12·7 million. Total exports were valued at NT$1,081·3 million (US$69·1 million), total imports at NT$882·3 million (US$56·4 million). Imports under American economic aid totalled US$65·6 million—Hong Kong, Oct. 10.

United Kingdom

ATOMIC POWER STATIONS—The first atomic power project to be located in Scotland, an experimental breeder-reactor station, is being built at Dounreay, Caithness. A second station, to be established at Annan, Dumfriesshire, is designed primarily to produce plutonium, but it will also turn out a substantial amount of electrical power—London, Oct. 21.

United States

ST. LAWRENCE POWER FOR VERMONT—Vermont has signed an agreement with the New York Power Authority to receive 100 thousand kilowatts of power a year from the St. Lawrence River power project. This will be about one-seventh of the output from the American side of the power development. Cost of the power will be about five mills per kilowatt. Power currently imported into the State costs between 12 and 14 mills. New York will sell the power to Vermont on a non-profit basis. The Vermont Public Service Commission will in turn sell it without profit to private utilities, municipalities and electric co-operatives. Annual payments are expected to be about $3 million—Boston, Oct. 24.

foreign trade service abroad

*** No Foreign Trade Officer at this post.**

Bentley's Second Phrase Code is used by Canadian Trade Commissioners.

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Japan	Canadian Government Trade Commissioner	7th Floor, Crescent Bldg., 72 Kyomachi, Ikutaku, KOBE	*Mail:* P.O. Box 513 *Cable:* CANADIAN *Tel.:* 3-4617
Lebanon Iraq, Jordan, Persian Gulf Area, Syria	G. F. G. Hughes, Commercial Secretary	Canadian Legation, Alpha Building, Rue Clemenceau, BEIRUT	*Mail:* Bôite Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	M. T. Stewart, Commercial Counsellor C. O. R. Rousseau, Assistant Commercial Secretary	Canadian Embassy, Edificio Internacional, Paseo de la Reforma, MEXICO, D. F.	*Mail:* Apartado 126-Bis *Cable:* CANADIAN *Tel.:* 36-27-90
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Territory	Officer	City Address	Mail and Cables, Office Telephone
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United Kingdom (Northern Ireland)	T. G. Major, Canadian Government Trade Commissioner	36 Victoria Square, BELFAST	*Mail:* (City Address) *Tel.:* 21867
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United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	A. A. Caron, Consul and Trade Commissioner	Canadian Consulate General, 215-217 International Trade Mart New Orleans 12	*Mail:* (City Address) *Cable:* Canadian *Tel.:* RAymond 2136
*United States (Northern California, Wyoming, Nevada, Utah, Colorado, New Mexico), Hawaii	Consul General	Canadian Consulate General, 3rd Floor, Kohl Building, 400 Montgomery Street, San Francisco 4	*Mail:* (City Address) *Cable:* Domcan *Tel.:* SUtter 1-3039
*United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General, The Tower Building, Seventh Avenue at Olive Way Seattle 1, Washington	*Mail:* (City Address) *Cable:* Canadian *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	C. B. Birkett, Commercial Counsellor	Canadian Embassy, No. 1409 Avenida Agraciada, Piso 7° Montevideo	*Mail:* Casilla Postal 852 *Cable:* Canadian *Tel.:* 96096
Venezuela Netherlands Antilles	H. L. Brown, Commercial Counsellor F. B. Clark, Commercial Secretary A. G. Kniewasser, Assistant Commercial Secretary	Canadian Embassy, Edificio Pan American, Puente Urapal, Caracas	*Mail:* Apartado 3306 *Cable:* Canadian *Tel.:* 54-3431

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from importers. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·0022.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 28	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	·05543	18·04	
Australia	Pound		2·2330	·448	
Austria	Schilling		·03838	26·06	
Belgium-Luxembourg	Franc		·01989	50·28	
Belgian Congo	Franc		·01989	50·28	
Bolivia	Boliviano	Official	·00525	190·48	
British West Indies	Dollar		·5815	1·72	(3)
	Pound		2·7913	·358	(4)
	Dollar	British Honduras	·6978	1·43	
Brazil	Cruzeiro	Effective selling			
		Category I	·01068*	93·61*	tax 10% (2)
		Category V	·00313*	319·62*	*Oct. 18
		Official buying	·05435	18·40	(5)
Burma	Kyat		·2095	4·77	
Ceylon	Rupee		·2093	4·78	
Chile	Peso	Official	·00499	200·40	(1)
		Exceptional	·00333	300·66	(6)
Colombia	Peso	Basic	·3991	2·51	(7)
		Free	·2594*	3·85*	*Oct. 27
Costa Rica	Colon	Official	·1777	5·63	
		Controlled free	·1503	6·65	
Cuba	Peso		·9978	1·002	tax 2% (2)
Czechoslovakia	Koruna		·1386	7·22	
Denmark	Krone		·1445	6·92	
Dominican Republic	Peso		·9978	1·002	
Ecuador	Sucre	Official	·06652	15·03	
		Free	·05768	17·34	
Egypt	Pound	Official	2·8653	·349	
Fiji	Pound		2·5146	·398	
Finland	Markka		·00434	230·41	
France	Franc		·00285	350·88	(8)
French Africa	Franc		·00570	175·44	9)
French Pacific	Franc		·01568	63·78	(10)
Germany	D Mark		·2368	4·22	
Greece	Drachma		·03326	30·07	
Guatemala	Quetzal		·9978	1·002	
Haiti	Gourde		·1996	5·01	
Honduras	Lempira		·4989	2·00	
Hong Kong	Dollar	Free	·1710	5·85	*Oct. 21
Iceland	Krona	Official	·06127	16·32	
		Special buying	·04830	20·71	
		Special selling	·03801	26·31	(11)
India	Rupee		·2093	4·77	
Indonesia	Rupiah	Basic	·08741	11·44	(12)
Iran	Rial	Certificate	·01317	75·92	
Iraq	Dinar		2·7939	·358	
Ireland	Pound		2·7913	·358	
Israel	Pound		·5543	1·80	
Italy	Lira		·00160	625·00	
Japan	Yen		·00277	361·01	
Lebanon	Pound	Free	·3088	3·24	

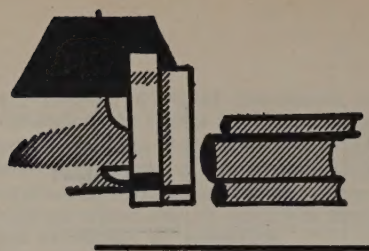
* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Oct. 28	Units per Canadian dollar	Notes (See below)
Mexico	Peso		·07983	12·53	
Netherlands	Guilder		·2615	3·82	
Netherlands Antilles	Guilder		·5271	1·90	
New Zealand	Pound		2·7913	·358	
Nicaragua	Cordoba	Effective buying	·1512	6·61	
		Official selling	·1415	7·07	
Norway	Krone		·1397	7·16	
Pakistan	Rupee		·2093	4·78	
Panama	Balboa		·9978	1·002	
Paraguay	Guarani	Basic	·04751	21·05	(1)
		Group I	·03696	27·06	
		Group II	·02851	35·08	(13)
Peru	Sol	Certificate	·05252	19·04	
Philippines	Peso		·4989	2·00	tax 17% (2)
Portugal	Escudo		·03482	28·72	(14)
El Salvador	Colon		·3991	2·51	
Singapore & Malaya	Straits dollar		·3257	3·07	
South Africa (Union of)	Pound		2·7913	·358	
Spain & Dependencies	Peseta	Basic buying	·04556	21·95	
		Basic commercial selling	·06075	16·46	(1)
		Free	·02562	39·03	
Sweden	Krona		·1929	5·18	
Switzerland	Franc		·2329	4·29	
Syria	Pound	Free	·2757	3·63	*Sept. 9
Thailand	Baht	Free	·04477	22·34	*Aug. 31 (1)
Turkey	Lira		·3564	2·81	
United Kingdom	Pound		2·7913	·358	
United States	Dollar		·9978	1·002	
Uruguay	Peso	Official	·6569	1·52	
		Basic buying	·5606	1·78	
		Special buying	·4246	2·36	tax 6% (2)
		Basic selling	·5252	1·90	(1)
		Special selling	·4073	2·46	
Venezuela	Bolivar		·2979	3·36	
Yugoslavia	Dinar		·00333	300·30	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
6. Chile: Official rate applies only to most essential imports.
7. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality. The free rate applies to minor exports and less essential imports.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: Basic rate applies to all exports and few essential imports. Purchase of exchange for other imports is subject to surcharges of 50, 100, 200 or 400 per cent depending on products.
13. Paraguay: Paraguayan exports subject to basic rate plus variety of exchange subsidies and surcharges.
14. Portugal: Approximately same rate for Portuguese Territories in Africa.
15. Argentina: See notice on page 30 of this issue concerning new system of exchange rates.



businessman's bookshelf

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